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**2003-05 Omnibus Operating Budget
Conference Proposal**
(Dollars in Thousands)

June 3, 2003
7:54 pm

	FTEs	GF-S	Total
Legislative	828.3	129,628	136,394
Judicial	578.4	78,492	162,179
Governmental Operations	7,434.6	411,400	2,726,735
Other Human Services	15,273.2	1,328,153	3,617,616
DSHS	17,762.2	6,605,069	15,841,747
Natural Resources	5,764.4	297,097	1,091,562
Transportation	764.3	48,834	123,957
Public Schools	282.6	10,107,136	11,909,095
Higher Education	43,803.4	2,667,245	7,400,550
Other Education	320.8	39,932	99,594
Special Appropriations	0.0	1,347,715	1,642,651
Statewide Total	92,811.9	23,060,701	44,752,080

2003-05 Omnibus Operating Budget
Conference Proposal
(Dollars in Thousands)

June 3, 2003
7:54 pm

	FTEs	GF-S	Total
Legislative			
House of Representatives	388.3	56,342	56,387
Senate	297.1	45,174	45,219
Jt Leg Audit & Review Committee	17.5	3,344	3,344
LEAP Committee	15.0	3,455	3,455
Office of the State Actuary	11.5	0	2,616
Joint Legislative Systems Comm	48.0	13,507	15,320
Statute Law Committee	51.0	7,806	10,053
Total Legislative	828.3	129,628	136,394
Judicial			
Supreme Court	61.9	11,127	11,127
State Law Library	13.8	4,095	4,095
Court of Appeals	140.6	25,257	25,257
Commission on Judicial Conduct	9.6	1,828	1,828
Office of Administrator for Courts	347.1	34,635	105,927
Office of Public Defense	5.5	1,550	13,945
Total Judicial	578.4	78,492	162,179
Total Legislative/Judicial	1,406.7	208,120	298,573

2003-05 Omnibus Operating Budget
Conference Proposal
(Dollars in Thousands)

June 3, 2003
7:54 pm

	FTEs	GF-S	Total
Governmental Operations			
Office of the Governor	56.7	7,549	12,543
Office of the Lieutenant Governor	8.0	1,098	1,098
Public Disclosure Commission	24.6	3,561	3,561
Office of the Secretary of State	266.3	41,428	81,907
Governor's Office of Indian Affairs	2.3	467	467
Asian-Pacific-American Affrs	1.8	388	388
Office of the State Treasurer	72.2	0	13,149
Office of the State Auditor	283.4	1,403	45,133
Comm Salaries for Elected Officials	1.2	240	240
Office of the Attorney General	1,084.0	8,166	182,263
Caseload Forecast Council	7.0	1,277	1,277
Dept of Financial Institutions	147.3	0	28,442
Dept Community, Trade, Econ Dev	306.4	122,260	396,606
Economic & Revenue Forecast Council	5.2	1,037	1,037
Office of Financial Management	250.8	25,045	75,318
Office of Administrative Hearings	144.0	0	24,669
Department of Personnel	200.8	0	42,575
State Lottery Commission	145.3	0	705,818
Washington State Gambling Comm	178.0	0	27,284
WA State Comm on Hispanic Affairs	1.8	408	408
African-American Affairs Comm	1.8	397	397
Personnel Appeals Board	11.0	0	1,725
Department of Retirement Systems	270.2	0	48,572
State Investment Board	60.6	100	13,362
Department of Revenue	1,066.7	164,560	175,679
Board of Tax Appeals	10.0	2,129	2,129
Municipal Research Council	0.0	0	4,621
Minority & Women's Business Enterp	16.0	0	1,990
Dept of General Administration	556.9	468	129,245
Department of Information Services	429.5	2,000	207,447
Office of Insurance Commissioner	197.3	0	32,938
State Board of Accountancy	9.3	0	1,985
Forensic Investigations Council	0.0	0	274
Washington Horse Racing Commission	28.5	0	4,609
WA State Liquor Control Board	961.0	2,909	159,608
Utilities and Transportation Comm	153.4	0	29,681
Board for Volunteer Firefighters	3.0	0	733
Military Department	264.5	16,709	185,462
Public Employment Relations Comm	41.7	4,798	7,340
Growth Management Hearings Board	12.0	3,003	3,003
State Convention and Trade Center	155.0	0	71,752
Total Governmental Operations	7,434.6	411,400	2,726,735

2003-05 Omnibus Operating Budget
Conference Proposal
(Dollars in Thousands)

June 3, 2003
7:54 pm

	FTEs	GF-S	Total
Other Human Services			
WA State Health Care Authority	271.7	0	538,159
Human Rights Commission	47.7	4,775	6,384
Bd of Industrial Insurance Appeals	159.1	0	30,149
Criminal Justice Training Comm	36.8	0	18,686
Department of Labor and Industries	2,601.9	11,723	472,399
Indeterminate Sentence Review Board	8.2	1,960	1,960
Home Care Quality Authority	5.0	671	671
Department of Health	1,251.9	118,367	729,616
Department of Veterans' Affairs	609.8	21,576	78,593
Department of Corrections	8,061.1	1,164,069	1,199,364
Dept of Services for the Blind	67.6	3,534	19,685
Sentencing Guidelines Commission	10.5	1,478	1,478
Department of Employment Security	2,142.0	0	520,472
Total Other Human Services	15,273.2	1,328,153	3,617,616

**2003-05 Omnibus Operating Budget
Conference Proposal**
(Dollars in Thousands)

June 3, 2003
7:54 pm

	FTEs	GF-S	Total
DSHS			
Children and Family Services	2,374.9	464,034	910,037
Juvenile Rehabilitation	1,131.4	146,792	206,429
Mental Health	3,077.9	674,685	1,229,646
Developmental Disabilities	3,387.7	678,562	1,291,739
Long-Term Care	1,122.2	1,128,314	2,314,357
Economic Services Administration	4,503.8	815,547	2,059,185
Alcohol & Substance Abuse	97.6	80,640	232,354
Medical Assistance Payments	974.8	2,450,197	7,256,903
Vocational Rehabilitation	344.6	20,382	106,625
Administration/Support Svcs	596.2	61,894	108,456
Payments to Other Agencies	0.0	84,022	126,016
Information System Services	151.4	0	0
Total DSHS	17,762.2	6,605,069	15,841,747
Total Human Services	33,035.3	7,933,222	19,459,363

**2003-05 Omnibus Operating Budget
Conference Proposal**
(Dollars in Thousands)

June 3, 2003
7:54 pm

	FTEs	GF-S	Total
Natural Resources			
Columbia River Gorge Commission	8.5	684	1,347
Department of Ecology	1,383.6	66,727	303,535
WA Pollution Liab Insurance Program	7.1	0	1,894
State Parks and Recreation Comm	693.6	59,962	103,146
Interagency Comm for Outdoor Rec	25.1	2,502	24,260
Environmental Hearings Office	9.0	1,883	1,883
State Conservation Commission	12.8	4,479	6,641
Dept of Fish and Wildlife	1,530.3	81,632	277,840
Department of Natural Resources	1,440.7	64,540	280,145
Department of Agriculture	653.9	14,688	90,871
Total Natural Resources	5,764.4	297,097	1,091,562

2003-05 Omnibus Operating Budget
Conference Proposal
(Dollars in Thousands)

June 3, 2003
7:54 pm

	FTEs	GF-S	Total
Transportation			
Washington State Patrol	523.0	38,860	88,373
Department of Licensing	241.3	9,974	35,584
Total Transportation	764.3	48,834	123,957

**2003-05 Omnibus Operating Budget
Conference Proposal**
(Dollars in Thousands)

June 3, 2003
7:54 pm

	FTEs	GF-S	Total
Public Schools			
OSPI & Statewide Programs	240.9	41,844	129,496
General Apportionment	0.0	7,946,616	7,946,616
Pupil Transportation	0.0	411,917	411,917
School Food Services	0.0	6,200	383,061
Special Education	1.5	861,198	1,270,835
Educational Service Districts	0.0	7,075	7,075
Levy Equalization	0.0	329,309	329,309
Elementary/Secondary School Improv	0.0	0	46,198
Institutional Education	0.0	37,688	37,688
Ed of Highly Capable Students	0.0	13,211	13,211
Student Achievement Program	0.0	0	398,203
Education Reform	40.2	75,608	204,970
Transitional Bilingual Instruction	0.0	101,853	148,162
Learning Assistance Program (LAP)	0.0	129,436	436,614
Compensation Adjustments	0.0	145,181	145,740
Total Public Schools	282.6	10,107,136	11,909,095

**2003-05 Omnibus Operating Budget
Conference Proposal**
(Dollars in Thousands)

June 3, 2003
7:54 pm

	FTEs	GF-S	Total
Higher Education			
Higher Education Coordinating Board	77.9	312,297	329,640
University of Washington	19,684.1	631,212	3,624,733
Washington State University	5,593.8	375,219	864,579
Eastern Washington University	1,143.4	83,044	160,199
Central Washington University	1,119.3	81,156	181,036
The Evergreen State College	634.8	46,499	90,670
Spokane Intercollegiate & Tech Inst	18.1	2,822	2,922
Western Washington University	1,604.8	109,182	254,158
Community/Technical College System	13,927.2	1,025,814	1,892,613
Total Higher Education	43,803.4	2,667,245	7,400,550
Other Education			
State School for the Blind	82.2	9,255	10,590
State School for the Deaf	124.4	15,137	15,369
Work Force Trng & Educ Coord Board	22.8	3,282	57,571
Washington State Arts Commission	16.6	4,500	5,526
Washington State Historical Society	51.4	4,867	7,647
East Wash State Historical Society	23.5	2,891	2,891
Total Other Education	320.8	39,932	99,594
Total Education	44,406.7	12,814,313	19,409,239

2003-05 Omnibus Operating Budget
Conference Proposal
(Dollars in Thousands)

June 3, 2003
7:54 pm

	FTEs	GF-S	Total
Special Appropriations			
Bond Retirement and Interest	0.0	1,249,251	1,439,607
Special Approps to the Governor	0.0	-5,008	57,758
Sundry Claims	0.0	18	383
State Employee Compensation Adjust	0.0	48,284	89,733
Contributions to Retirement Systems	0.0	55,170	55,170
Total Special Appropriations	0.0	1,347,715	1,642,651

2003-05 Omnibus Operating Budget
House of Representatives
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	389.8	56,319	56,364
2003-05 Carryforward Level	386.8	54,773	54,818
2003-05 Maintenance Level	386.8	57,075	57,120
Policy Changes:			
1. Pension Funding Change	0.0	-266	-266
2. Transfer Transpo Committee Staff	9.5	1,715	1,715
3. Revolving Funds	0.0	152	152
4. Staff Reduc. & Oper. Efficiencies	-8.0	-2,334	-2,334
Total Policy Changes	1.5	-733	-733
Total 2003-05 Biennium	388.3	56,342	56,387
Difference from 2001-03	-1.5	23	23
% Change from 2001-03	-0.5%	0.0%	0.0%

Comments:

NOTE: The appropriations to the House of Representatives include \$171,000 for the independent operations of the Legislative Ethics Board. Expenditure decisions of the Board, including employment of staff, shall be independent of the House of Representatives and the Senate.

1. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

2. Transfer Transpo Committee Staff - Funding for House Transportation Committee support is transferred from the state transportation budget (Motor Vehicle Account-State) to the state operating budget (General Fund-State) in accordance with the transfer of committee staff to the House Office of Program Research.

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

4. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
Senate
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	306.6	46,513	46,558
2003-05 Carryforward Level	303.6	45,184	45,229
2003-05 Maintenance Level	303.6	45,919	45,964
Policy Changes:			
1. Pension Funding Change	0.0	-196	-196
2. Revolving Funds	0.0	174	174
3. Staff Reduc. & Oper. Efficiencies	-6.5	-723	-723
Total Policy Changes	-6.5	-745	-745
Total 2003-05 Biennium	297.1	45,174	45,219
Difference from 2001-03	-9.5	-1,339	-1,339
% Change from 2001-03	-3.3%	-2.9%	-2.9%

Comments:

NOTE: The appropriations to the Senate include \$171,000 for the independent operations of the Legislative Ethics Board. Expenditure decisions of the Board, including employment of staff, shall be independent of the House of Representatives and the Senate.

1. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

2. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

3. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
Jt Leg Audit & Review Committee
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	18.0	4,136	4,136
2003-05 Carryforward Level	18.0	3,347	3,347
2003-05 Maintenance Level	18.0	3,436	3,436
Policy Changes:			
1. Pension Funding Change	0.0	-20	-20
2. Revolving Funds	0.0	14	14
3. Staff Reduc. & Oper. Efficiencies	-0.5	-86	-86
Total Policy Changes	-0.5	-92	-92
Total 2003-05 Biennium	17.5	3,344	3,344
Difference from 2001-03	-0.5	-792	-792
% Change from 2001-03	0.0%	-19.1%	-19.1%

Comments:

1. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

2. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

3. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
LEAP Committee
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	11.7	2,801	3,008
2003-05 Carryforward Level	11.7	2,744	2,950
2003-05 Maintenance Level	14.3	3,292	3,292
Policy Changes:			
1. Database Administrator	1.0	180	180
2. Pension Funding Change	0.0	-21	-21
3. Regional Cost of Living Index	0.0	50	50
4. Revolving Funds	0.0	24	24
5. Staff Reduc. & Oper. Efficiencies	-0.3	-70	-70
Total Policy Changes	0.7	163	163
Total 2003-05 Biennium	15.0	3,455	3,455
Difference from 2001-03	3.3	654	447
% Change from 2001-03	25.0%	23.3%	14.9%

Comments:

1. Database Administrator - Funding is provided for a database administrator. This position will be responsible for optimizing database performance and design, including security, access, retrieval, data updates, and backups. Increased demand for databases, in addition to increasing database size, quantity, and complexity, are driving the need for a dedicated position.

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

3. Regional Cost of Living Index - Funding is provided for the Committee, in consultation with the Economic and Revenue Forecast Council, to develop a regional cost-of-living index for each region served by an Educational Service District of the K-12 system.

4. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

5. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
Office of the State Actuary
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	10.5	0	2,089
2003-05 Carryforward Level	10.5	0	2,056
2003-05 Maintenance Level	10.5	0	2,143
Policy Changes:			
1. Research Analyst Position Upgrade	0.0	0	58
2. LEOFF 2 Board Support	1.0	0	189
3. New Lease Costs	0.0	0	178
4. Pension Funding Change	0.0	0	-12
5. Revolving Funds	0.0	0	60
Total Policy Changes	1.0	0	473
Total 2003-05 Biennium	11.5	0	2,616
Difference from 2001-03	1.0	0	527
% Change from 2001-03	20.0%	0.0%	25.2%

Comments:

1. Research Analyst Position Upgrade - Funding is provided to upgrade a research analyst/legal position to a senior analyst/legal classification. (Department of Retirement Systems Expense Account-State)

2. LEOFF 2 Board Support - Funding is provided for an additional assistant actuary position to handle increased workload associated with the creation of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 Board by Initiative 790. The expenses of the Office of the State Actuary will initially be covered by the Department of Retirement Systems Expense Account and then reimbursed by the LEOFF 2 Board from its expense fund. (Department of Retirement Systems Expense Account-State)

3. New Lease Costs - Funding is provided for the Office of the State Actuary (OSA) to relocate and lease a larger facility. Additional staff required to support the Law Enforcement Officers' and Fire Fighters Retirement System Plan 2 Board causes OSA to exceed the capacity of their current space. (Department of Retirement Systems Expense Fund-State)

4. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (Department of Retirement Systems Expense Account-State)

5. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Department of Retirement Systems Expense Account-State)

2003-05 Omnibus Operating Budget
Joint Legislative Systems Comm
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	49.0	13,439	15,145
2003-05 Carryforward Level	48.0	12,945	14,651
2003-05 Maintenance Level	48.0	13,664	15,477
Policy Changes:			
1. Pension Funding Change	0.0	-50	-50
2. Revolving Funds	0.0	24	24
3. Staff Reduc. & Oper. Efficiencies	0.0	-131	-131
Total Policy Changes	0.0	-157	-157
Total 2003-05 Biennium	48.0	13,507	15,320
Difference from 2001-03	-1.0	68	175
% Change from 2001-03	-2.0%	0.5%	1.2%

Comments:

1. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

2. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

3. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
Statute Law Committee
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	53.5	7,973	10,212
2003-05 Carryforward Level	53.0	7,831	10,070
2003-05 Maintenance Level	53.0	8,105	10,368
Policy Changes:			
1. Pension Funding Change	0.0	-42	-42
2. Revolving Funds	0.0	-54	-70
3. Staff Reduc. & Oper. Efficiencies	-2.0	-203	-203
Total Policy Changes	-2.0	-299	-315
Total 2003-05 Biennium	51.0	7,806	10,053
Difference from 2001-03	-2.5	-167	-159
% Change from 2001-03	-5.6%	-2.1%	-1.6%

Comments:

NOTE: The appropriations to the Statute Law Committee include \$42,100 in FY 2004 and \$43,800 in FY 2005 for the uniform legislation commission.

1. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

2. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, Statute Law Committee Publications Account-Non-Appropriated)

3. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
Supreme Court
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	64.3	11,158	11,158
2003-05 Carryforward Level	64.3	11,064	11,064
2003-05 Maintenance Level	64.3	11,439	11,439
Policy Changes:			
1. General Inflation	0.0	-32	-32
2. Pension Funding Change	0.0	-64	-64
3. Hiring Freeze & Admin. Reduction	-2.4	-286	-286
4. Revolving Funds	0.0	70	70
Total Policy Changes	-2.4	-312	-312
Total 2003-05 Biennium	61.9	11,127	11,127
Difference from 2001-03	-2.4	-31	-31
% Change from 2001-03	-3.1%	-0.3%	-0.3%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed to perform their mission.

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

3. Hiring Freeze & Admin. Reduction - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

4. Revolving Funds - Funding levels for services provided by other state agencies are adjusted to reflect what those agencies are expected to bill for their services.

2003-05 Omnibus Operating Budget
State Law Library
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	15.0	3,949	3,949
2003-05 Carryforward Level	15.0	3,884	3,884
2003-05 Maintenance Level	15.0	3,942	3,942
Policy Changes:			
1. General Inflation	0.0	-12	-12
2. Pension Funding Change	0.0	-10	-10
3. One-time Pub. Renewal Relief	0.0	229	229
4. Hiring Freeze and Admin. Reduction	-1.2	-98	-98
5. Revolving Funds	0.0	44	44
Total Policy Changes	-1.2	153	153
Total 2003-05 Biennium	13.8	4,095	4,095
Difference from 2001-03	-1.2	146	146
% Change from 2001-03	-6.7%	3.7%	3.7%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed to perform their mission.

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

3. One-time Pub. Renewal Relief - The cost of law publications has risen an average of 35 percent each year for the last three years. One-time funding is provided to offset a portion of these increased costs.

4. Hiring Freeze and Admin. Reduction - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

5. Revolving Funds - Funding levels for services provided by other state agencies are adjusted to reflect what those agencies are expected to bill for their services.

2003-05 Omnibus Operating Budget
Court of Appeals
(Dollars in Thousands)

	Conference Proposal		Total
	FTEs	GF-S	
2001-03 Estimated Expenditures	147.6	25,942	25,942
2003-05 Carryforward Level	146.1	25,629	25,629
2003-05 Maintenance Level	146.1	26,028	26,028
Policy Changes:			
1. General Inflation	0.0	-93	-93
2. Division II Security	0.0	30	30
3. Pension Funding Change	0.0	-142	-142
4. Hiring Freeze & Admin. Reduction	-5.5	-650	-650
5. Revolving Funds	0.0	84	84
Total Policy Changes	-5.5	-771	-771
Total 2003-05 Biennium	140.6	25,257	25,257
Difference from 2001-03	-7.0	-685	-685
% Change from 2001-03	-4.7%	-2.6%	-2.6%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed to perform their mission.

2. Division II Security - Funding is provided to expand contracted court security personnel for Division II of the Court of Appeals. Additional resources will allow for staffing of metal detectors previously installed outside courtrooms.

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

4. Hiring Freeze & Admin. Reduction - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

5. Revolving Funds - Funding levels for services provided by other state agencies are adjusted to reflect what those agencies are expected to bill for their services.

2003-05 Omnibus Operating Budget
Commission on Judicial Conduct
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	9.6	1,926	1,926
2003-05 Carryforward Level	9.6	1,805	1,805
2003-05 Maintenance Level	9.6	1,820	1,820
Policy Changes:			
1. Pension Funding Change	0.0	-10	-10
2. Revolving Funds	0.0	18	18
Total Policy Changes	0.0	8	8
Total 2003-05 Biennium	9.6	1,828	1,828
Difference from 2001-03	0.0	-98	-98
% Change from 2001-03	0.0%	-5.1%	-5.1%

Comments:

1. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

2. Revolving Funds - Funding levels for services provided by other state agencies are adjusted to reflect what those agencies are expected to bill for their services.

2003-05 Omnibus Operating Budget
Office of Administrator for Courts
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	356.0	30,151	85,894
2003-05 Carryforward Level	341.5	30,847	68,589
2003-05 Maintenance Level	351.5	33,471	75,602
Policy Changes:			
1. General Inflation	0.0	-65	-634
2. Fund Truancy Petitions for Schools	0.0	0	3,000
3. Pension Funding Change	0.0	-334	-512
4. Judicial Info System Improvements	0.0	0	12,572
5. Becca Funding Shifted from DSHS	0.0	7,132	13,224
6. Fund Becca with PSEA Account	0.0	-7,132	0
7. LFO Billing Shifted from DOC	1.3	1,575	3,375
8. Hiring Freeze and Admin. Reduction	-5.7	0	-660
9. Revolving Funds	0.0	-12	-40
Total Policy Changes	-4.4	1,164	30,325
Total 2003-05 Biennium	347.1	34,635	105,927
Difference from 2001-03	-8.9	4,484	20,033
% Change from 2001-03	-2.5%	14.9%	23.3%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed to perform their mission. (General Fund-State, Public Safety and Education Account-State, Judicial Information Systems Account-State)

2. Fund Truancy Petitions for Schools - Funding is provided for school district petitions to juvenile court for truant students as provided in RCW 28A.225.030 and 28A.225.035. The Office of the Administrator for the Courts shall develop an interagency agreement with the Office of the Superintendent of Public Instruction (OSPI) to allocate the funding by district, based on the number of petitions filed. This program was formerly administered by OSPI as part of the Flexible Education Funds Block Grant. (Public Safety and Education Account-State)

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, Public Safety and Education Account-State, Judicial Information Systems Account-State)

4. Judicial Info System Improvements - Funding is provided to implement several Judicial Information System (JIS) improvement projects, including migrating JIS to a web-based system, providing additional on-line user help and juvenile parole case management, and constructing a data warehouse. Other expenditures include software licensing and hardware needs. These projects will assist courts statewide and prevent the need for local courts to develop stand-alone systems. Funding is also provided to enable JIS to exchange all state-shared data with non-JIS courts and criminal justice agencies using Seattle Municipal Court as the pilot site. The Office of the Administrator for the Courts may prioritize projects within this appropriation as needed. (Judicial Information Systems Account-State)

**2003-05 Omnibus Operating Budget
Office of Administrator for Courts**

5. Becca Funding Shifted from DSHS - Funding for the cost of juvenile court petitions filed under the "Becca" statutes, including truancy petitions, at-risk-youth, and child-in-need-of-services petitions, is transferred from the Department of Social and Health Services, Juvenile Rehabilitation Administration (JRA) to the Office of the Administrator for the Courts (OAC). All funds shall be distributed to county courts in accordance with current practice, and OAC shall not deduct any amounts for indirect costs, consistent with past policy at JRA. (General Fund-State, Public Safety and Education Account-State)

6. Fund Becca with PSEA Account - Funding for "Becca" petitions, including local truancy petitions, and local at-risk-youth and child-in-need-of-services petitions, is shifted from the state general fund to the Public Safety and Education Account (PSEA), due to additional funds available in PSEA. (General Fund-State, Public Safety and Education Account-State)

7. LFO Billing Shifted from DOC - Currently, the Department of Corrections is responsible for the monitoring and collection of court-ordered legal financial obligations (LFOs) for offenders supervised in the community. Savings are achieved in conjunction with Chapter 379, Laws of 2003 (ESSB 5990). Effective October 1, 2003, the collection of LFOs from offenders who have no other supervision requirements is shifted from the Department of Corrections to county clerks through the Office of the Administrator for the Courts (OAC). Billing for all offenders who owe LFOs will be performed by OAC effective January 1, 2004. (General Fund-State, Public Safety and Education Account-State)

8. Hiring Freeze and Admin. Reduction - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Public Safety and Education Account-State)

9. Revolving Funds - Funding levels for services provided by other state agencies are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, Public Safety and Education Account-State)

2003-05 Omnibus Operating Budget
Office of Public Defense
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	5.5	600	12,964
2003-05 Carryforward Level	5.5	0	12,381
2003-05 Maintenance Level	5.5	0	12,383
Policy Changes:			
1. Dependency and Termination Program	0.0	1,550	1,550
2. Pension Funding Change	0.0	0	-6
3. Revolving Funds	0.0	0	18
Total Policy Changes	0.0	1,550	1,562
Total 2003-05 Biennium	5.5	1,550	13,945
Difference from 2001-03	0.0	950	981
% Change from 2001-03	0.0%	158.3%	7.6%

Comments:

1. Dependency and Termination Program - Funding is provided to continue the Dependency and Termination Parents' Representation Pilot Program in Benton-Franklin and Pierce counties' juvenile courts. This program seeks to improve defense services provided for parents involved in dependency and termination hearings.

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (Public Safety and Education Account-State)

3. Revolving Funds - Funding levels for services provided by other state agencies are adjusted to reflect what those agencies are expected to bill for their services. (Public Safety and Education Account-State)

2003-05 Omnibus Operating Budget
Office of the Governor
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	67.0	8,662	12,875
2003-05 Carryforward Level	66.0	8,144	13,252
2003-05 Maintenance Level	66.0	8,337	13,563
Policy Changes:			
1. General Inflation	0.0	-62	-88
2. Pension Funding Change	0.0	-46	-72
3. Revolving Funds	0.0	-4	-4
4. Staff Reduc. & Oper. Efficiencies	-9.3	-676	-856
Total Policy Changes	-9.3	-788	-1,020
Total 2003-05 Biennium	56.7	7,549	12,543
Difference from 2001-03	-10.3	-1,113	-332
% Change from 2001-03	-14.9%	-12.8%	-2.6%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal, Water Quality Account-State)

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal, Water Quality Account-State)

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

4. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal, Water Quality Account-State)

2003-05 Omnibus Operating Budget
Office of the Lieutenant Governor
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	6.0	891	891
2003-05 Carryforward Level	6.0	862	862
2003-05 Maintenance Level	8.0	1,154	1,154
Policy Changes:			
1. General Inflation	0.0	-4	-4
2. Pension Funding Change	0.0	-4	-4
3. Revolving Funds	0.0	6	6
4. Staff Reduc. & Oper. Efficiencies	0.0	-54	-54
Total Policy Changes	0.0	-56	-56
Total 2003-05 Biennium	8.0	1,098	1,098
Difference from 2001-03	2.0	207	207
% Change from 2001-03	33.3%	23.2%	23.2%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

4. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
Public Disclosure Commission
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	25.7	3,823	3,823
2003-05 Carryforward Level	25.7	3,722	3,722
2003-05 Maintenance Level	25.7	3,920	3,920
Policy Changes:			
1. General Inflation	0.0	-11	-11
2. Pension Funding Change	0.0	-20	-20
3. Revolving Funds	0.0	2	2
4. Staff Reduc. & Oper. Efficiencies	-1.2	-330	-330
Total Policy Changes	-1.2	-359	-359
Total 2003-05 Biennium	24.6	3,561	3,561
Difference from 2001-03	-1.1	-262	-262
% Change from 2001-03	-3.8%	-6.9%	-6.9%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

4. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
Office of the Secretary of State
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	174.5	17,170	35,952
2003-05 Carryforward Level	282.9	33,176	57,107
2003-05 Maintenance Level	283.2	42,132	68,332
Policy Changes:			
1. General Inflation	0.0	-133	-258
2. Initiative & Referendum Verify	0.0	-200	-200
3. Library Svcs to State Institutions	16.4	2,558	2,558
4. Defense of Blanket Primary	0.0	134	134
5. Public Affairs Broadcasting	0.0	-177	-177
6. State Archives	1.3	0	1,471
7. Pension Funding Change	0.0	-138	-204
8. SSB 5274 (Archives Div Funding)	0.0	0	0
9. Help America Vote Act	0.0	0	13,121
10. State Library Reduction	-21.6	-2,678	-2,678
11. Revolving Funds	0.0	938	1,006
12. Staff Reduc. & Oper. Efficiencies	-13.0	-1,008	-1,198
Total Policy Changes	-16.9	-704	13,575
Total 2003-05 Biennium	266.3	41,428	81,907
Difference from 2001-03	91.8	24,258	45,955
% Change from 2001-03	52.9%	141.3%	127.8%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)

2. Initiative & Referendum Verify - This activity facilitates the filing and processing of proposed initiatives and referenda, the filing of completed petitions, and verification of voter signatures on filed petitions. Historically there has been a fund balance at the end of each fiscal year. Funding is reduced to more accurately reflect the costs of this activity.

3. Library Svcs to State Institutions - Funding is restored from the 2002 supplemental budget so that the State Library can provide services to libraries in ten correctional facilities and two mental hospitals.

4. Defense of Blanket Primary - Funding is provided to reimburse the Attorney General's office for legal expenses related to defending the state's statutorily mandated blanket primary system.

5. Public Affairs Broadcasting - The Secretary of State's office contracts with a non-profit organization to produce gavel-to-gavel television coverage of state government deliberations or other events of statewide significance. Funding is not provided for the implicit price deflator increase.

**2003-05 Omnibus Operating Budget
Office of the Secretary of State**

6. State Archives - Funding is provided for four activities related to the State Archives: (1) to allow the State Archives to provide immediate assistance to local governments with protecting and preserving archival documents in the event of an unanticipated disaster; (2) to contract services for the brown-toning (polysulfide treatment) of all essential local government security microfilm and to complete the security microfilm project; (3) for off-site storage lease space and one temporary warehouse worker to consolidate records holdings; (4) to conduct a physical inventory of all state agency security microfilm and inspect all reels holding permanent, essential records; and (5) to support increased State Archives preservation microfilming and local government archives preservation microfilming. The Office of the Secretary of State shall use account fund balances to fund items 3, 4, and 5. The agency may not increase revolving fund charges to fund these items. (Archives and Records Management Account-State, Archives and Records Management Account-Private/Local)

7. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)

8. SSB 5274 (Archives Div Funding) - Spending authority is provided pursuant to Chapter 163, Laws of 2003 (SSB 5274). All receipts collected for contract imaging, micrographics, reproduction, and duplication services provided by the Division of Archives and Records Management are to be deposited into the Imaging Account. All receipts collected by county auditors for local government services, such as providing records scheduling, security microfilm inspections and storage, archival preservation, and cataloguing, are to be deposited into the Local Government Archives Account. In addition, all surcharges for unpaid taxes or liabilities and recording documents are to be deposited into the Local Government Archives Account. (Archives and Records Management Account-State, Archives and Records Management Account-Private/Local, Imaging Account-Non-Appropriated, Local Government Archives Account-State)

9. Help America Vote Act - Pursuant to Engrossed House Bill 1161 (Help America Vote Act), spending authority is provided in anticipation of receipt of federal funding for Title I of the federal Help America Vote Act of 2002. Federal funding received will assist states in replacing punch card voting equipment and improving administration of federal elections, including increased oversight of local elections. (Election Account-Federal)

10. State Library Reduction - State Library funding is reduced by 12.5 percent. This reduction in state library services preserves the following services: (1) assistance to local libraries; (2) historic and northwest collections; (3) state and federal document depositories; and (4) talking book and braille services. Library services to state agencies and the Legislature are eliminated.

11. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

12. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTEs, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

2003-05 Omnibus Operating Budget
Governor's Office of Indian Affairs
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	4.0	552	552
2003-05 Carryforward Level	4.0	537	537
2003-05 Maintenance Level	4.0	565	565
Policy Changes:			
1. General Inflation	0.0	-4	-4
2. Transfer Govt to Govt Training	-0.3	-100	-100
3. FTE Reduction	-1.4	0	0
4. Pension Funding Change	0.0	-4	-4
5. Revolving Funds	0.0	10	10
Total Policy Changes	-1.7	-98	-98
Total 2003-05 Biennium	2.3	467	467
Difference from 2001-03	-1.7	-85	-85
% Change from 2001-03	-50.0%	-15.4%	-15.4%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Transfer Govt to Govt Training - Government-to-government training, conducted for stakeholders and federal, state, local, and tribal government employees, is transferred to the Department of Personnel.

3. FTE Reduction - Agency staffing is reduced to accommodate the agency's co-location at the beginning of the 2003-05 biennium with the Commission on Asian Pacific American Affairs, the Commission on African American Affairs, the Commission on Hispanic Affairs, and the Citizens' Commission on Salaries for Elected Officials.

4. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

5. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

2003-05 Omnibus Operating Budget
Asian-Pacific-American Affrs
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	2.7	441	441
2003-05 Carryforward Level	2.3	407	407
2003-05 Maintenance Level	2.3	423	423
Policy Changes:			
1. General Inflation	0.0	-4	-4
2. Asian/Pacific-American Issues	-0.5	-39	-39
3. Pension Funding Change	0.0	-2	-2
4. Revolving Funds	0.0	10	10
Total Policy Changes	-0.5	-35	-35
Total 2003-05 Biennium	1.8	388	388
Difference from 2001-03	-0.9	-53	-53
% Change from 2001-03	-33.3%	-12.0%	-12.0%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Asian/Pacific-American Issues - In order to increase administrative efficiency, the Governor's Office of Indian Affairs shall co-locate with the Commission on Asian Pacific American Affairs, the Commission on African American Affairs, the Commission on Hispanic Affairs, and the Citizens' Commission on Salaries for Elected Officials. Administrative and salary savings are assumed due to shared administrative functions and fixed costs.

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

4. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

2003-05 Omnibus Operating Budget
Office of the State Treasurer
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	74.5	0	13,190
2003-05 Carryforward Level	74.5	0	13,160
2003-05 Maintenance Level	74.5	0	13,805
Policy Changes:			
1. General Inflation	0.0	0	-48
2. Pension Funding Change	0.0	0	-72
3. Revolving Funds	0.0	0	-30
4. Staff Reduc. & Oper. Efficiencies	-2.4	0	-506
Total Policy Changes	-2.4	0	-656
Total 2003-05 Biennium	72.2	0	13,149
Difference from 2001-03	-2.3	0	-41
% Change from 2001-03	-2.7%	0.0%	-0.3%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (State Treasurer's Service Account-State)

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (State Treasurer's Service Account-State)

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (State Treasurer's Service Account-State)

4. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (State Treasurer's Service Account-State)

2003-05 Omnibus Operating Budget
Office of the State Auditor
(Dollars in Thousands)

	Conference Proposal		Total
	FTEs	GF-S	
2001-03 Estimated Expenditures	315.2	1,990	44,332
2003-05 Carryforward Level	310.7	1,823	43,645
2003-05 Maintenance Level	310.7	1,831	47,378
Policy Changes:			
1. General Inflation	0.0	-2	-185
2. Sunset Life Building	0.0	0	1,187
3. SAO Network Security	0.0	0	80
4. Pension Funding Change	0.0	-10	-278
5. Revolving Funds	0.0	0	-6
6. Staff Reduc. & Oper. Efficiencies	-27.4	-416	-3,043
Total Policy Changes	-27.4	-428	-2,245
Total 2003-05 Biennium	283.4	1,403	45,133
Difference from 2001-03	-31.8	-587	801
% Change from 2001-03	-10.2%	-29.5%	1.8%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, Municipal Revolving Account-State, Auditing Services Revolving Account-State)

2. Sunset Life Building - The State Auditor's office will move staff out of the Department of General Administration's building and the Department of Social and Health Services' offices to the Sunset Life Building when the Treasurer's office moves back to the Legislative Building upon completion of the Capitol Campus improvement project. Funding is provided for tenant improvements, equipment, and increased rent. (Municipal Revolving Account-State, Auditing Services Revolving Account-State)

3. SAO Network Security - Funding is provided for updates to internal security in order to authenticate auditors accessing of the State Auditor's network from field offices throughout the state. (Municipal Revolving Account-Non-Appropriated, Auditing Services Revolving Account-State)

4. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, Municipal Revolving Account-Non-Appropriated, Auditing Services Revolving Account-State)

5. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Municipal Revolving Account-Non-Appropriated, Auditing Services Revolving Account-State)

6. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, Municipal Revolving Account-Non-Appropriated, Auditing Services Revolving Account-State)

2003-05 Omnibus Operating Budget
Comm Salaries for Elected Officials
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.9	231	231
2003-05 Carryforward Level	0.9	224	224
2003-05 Maintenance Level	1.2	232	232
Policy Changes:			
1. General Inflation	0.0	-2	-2
2. Revolving Funds	0.0	10	10
Total Policy Changes	0.0	8	8
Total 2003-05 Biennium	1.2	240	240
Difference from 2001-03	0.3	9	9
% Change from 2001-03	0.0%	3.9%	3.9%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

2003-05 Omnibus Operating Budget
Office of the Attorney General
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	1,097.8	12,187	174,659
2003-05 Carryforward Level	1,096.3	9,639	174,330
2003-05 Maintenance Level	1,145.6	9,854	184,804
Policy Changes:			
1. General Inflation	0.0	-56	-1,023
2. Executive Ethics Board	0.0	-697	0
3. Homicide Investigation Tracking Sys	-1.5	-539	-449
4. Legal Services to State Agencies	9.1	0	2,660
5. Division Relocation	0.0	0	403
6. Pension Funding Change	0.0	-56	-1,094
7. Revolving Funds	0.0	0	42
8. Staff Reduc. & Oper. Efficiencies	-69.3	-340	-3,754
9. Self-Insurance Premiums	0.0	0	674
Total Policy Changes	-61.7	-1,688	-2,541
Total 2003-05 Biennium	1,084.0	8,166	182,263
Difference from 2001-03	-13.8	-4,021	7,604
% Change from 2001-03	-1.3%	-33.0%	4.4%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)

2. Executive Ethics Board - Funding for the Executive Ethics Board is shifted from the state general fund to the Legal Services Revolving Account. (General Fund-State, Legal Services Revolving Account-State)

3. Homicide Investigation Tracking Sys - The Supervised Management and Recidivism Tracking (SMART) System, which is part of the Homicide Investigation Tracking System (HITS), is eliminated. The state general fund portion of HITS funding is shifted to the Public Safety and Education Account. (General Fund-State, Public Safety and Education Account-State)

4. Legal Services to State Agencies - Funding is provided for additional legal assistance to the Department of Social and Health Services. In addition, funding is provided for the culvert case, which is anticipated to go to trial in December 2003. Agencies involved in the case include the departments of Transportation, Natural Resources, Fish and Wildlife, Ecology, and the Washington State Parks and Recreation Commission. Funding is also provided for legal expenses related to defending the state's statutorily mandated blanket primary system. (Legal Services Revolving Account-State)

5. Division Relocation - Funding is provided for two divisions of the Office of the Attorney General to relocate during the 2003-05 biennium. The Torts Division is presently located in a building with health and safety problems. The Revenue Division has been sharing office space with the Department of Revenue. (Legal Services Revolving Account-State)

6. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget
Office of the Attorney General**

7. Revolving Funds - Funding levels for services provided by other state agencies are adjusted to reflect what those agencies are expected to bill for their services. (Legal Services Revolving Account-State)

8. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

9. Self-Insurance Premiums - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium. (Legal Services Revolving Account-State)

2003-05 Omnibus Operating Budget
Caseload Forecast Council
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	7.0	1,257	1,257
2003-05 Carryforward Level	7.0	1,234	1,234
2003-05 Maintenance Level	7.0	1,279	1,279
Policy Changes:			
1. General Inflation	0.0	-4	-4
2. Pension Funding Change	0.0	-8	-8
3. Revolving Funds	0.0	10	10
Total Policy Changes	0.0	-2	-2
Total 2003-05 Biennium	7.0	1,277	1,277
Difference from 2001-03	0.0	20	20
% Change from 2001-03	0.0%	1.6%	1.6%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

2003-05 Omnibus Operating Budget
Dept of Financial Institutions
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	140.3	0	24,392
2003-05 Carryforward Level	139.3	0	23,971
2003-05 Maintenance Level	139.3	0	24,387
Policy Changes:			
1. General Inflation	0.0	0	-70
2. Non-Appropriated Fund Adjustment	0.0	0	168
3. Securities Violations (SHB 1219)	0.1	0	161
4. Pension Funding Change	0.0	0	-141
5. Workforce Planning	0.0	0	505
6. Space Request	0.0	0	682
7. IT Security & Software Licensing	0.0	0	150
8. Money Transmitters	6.2	0	884
9. Examination Enhancement	0.0	0	110
10. STAR Application Development	0.0	0	658
11. IA Integrity & Consumer Protection	5.7	0	1,178
12. Revolving Funds	0.0	0	-12
13. Staff Reduc. & Oper. Efficiencies	-4.0	0	-218
Total Policy Changes	8.0	0	4,055
Total 2003-05 Biennium	147.3	0	28,442
Difference from 2001-03	7.0	0	4,050
% Change from 2001-03	5.0%	0.0%	16.6%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Financial Services Regulation Account-Non-Appropriated)

2. Non-Appropriated Fund Adjustment - Increased allotment authority is provided to continue and enhance e-banking and information systems credit union examinations. Demand for these exams, instituted during the 2001-03 biennium, is greater than was originally estimated. (Financial Services Regulation Account-Non-Appropriated)

3. Securities Violations (SHB 1219) - Additional allotment authority is provided to increase efforts to investigate and prosecute securities violations, pursuant to Chapter 288, Laws of 2003 (SHB 1219). (Securities Prosecution Account-Non-Appropriated)

4. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (Financial Services Regulation Account-Non-Appropriated)

5. Workforce Planning - Increased allotment authority is provided to implement the compensation and class series packages approved by the Personnel Resources Board, which merged two of the Department's unique job classes into a revised Financial Examiner class series and created a new Financial Legal Examiner series. (Financial Services Regulation Account-Non-Appropriated)

6. Space Request - The Department's allotment authority is increased to cover the incremental costs of newly leased office space. (Financial Services Regulation Account-Non-Appropriated)

2003-05 Omnibus Operating Budget
Dept of Financial Institutions

7. IT Security & Software Licensing - \$97,000 in increased allotment authority is provided for the Department's share of the Department of Information Services' new Microsoft Software Assurance Agreement annual fee for software use and upgrades. \$53,000 in increased allotment authority is provided to strengthen network security so that more data and services can be made available over the Internet. (Financial Services Regulation Account-Non-Appropriated)

8. Money Transmitters - Chapter 287, Laws of 2003 (SHB 1455), provides for the regulation and licensing of money transmitters and currency exchangers. The Department's allotment authority is increased to implement these new activities. (Financial Services Regulation Account-Non-Appropriated)

9. Examination Enhancement - An allotment increase is provided for additional personal service contracts to conduct fraud investigations and to receive legal advice on complex consumer protection laws. Funding for such contracts was originally approved in the 2001-03 biennium upon advice of the State Auditor and is increased due to a growing need for specialized services in fraud investigation and legal advice on consumer protection laws. (Financial Services Regulation Account-Non-Appropriated)

10. STAR Application Development - Increased allotment authority is provided to develop the next phase of the Department's integrated relational database system (STAR). To date, registration, licensing, and enforcement modules have been completed. This phase will add an imaging and document management system, increased electronic filing capabilities, enhancements to the existing modules, and ongoing maintenance. (Financial Services Regulation Account-Non-Appropriated)

11. IA Integrity & Consumer Protection - Increased allotment authority is provided to change the investment adviser examination cycle from seven years to three years, raise pre-emptive regulatory standards, and allow for prompt corrective action for violations. This will align the regulatory program with national accreditation standards. Reducing the examination cycle requires three additional financial examiners and prompt enforcement action requires two additional attorneys. (Financial Services Regulation Account-Non-Appropriated)

12. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Financial Services Regulation Account-Non-Appropriated)

13. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Financial Services Regulation Account-Non-Appropriated)

2003-05 Omnibus Operating Budget
Dept Community, Trade, Econ Dev
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	325.6	131,799	355,537
2003-05 Carryforward Level	317.9	123,003	351,728
2003-05 Maintenance Level	320.7	123,019	393,944
Policy Changes:			
1. Community Services Block Grant	0.0	120	120
2. Washington Manufacturing Service	0.0	400	400
3. General Inflation	0.0	-174	-375
4. Foreign Offices	0.0	400	400
5. Intl Trade Small Business Asst	0.0	-380	-380
6. Assist Local Economic Development	0.0	400	400
7. Financial Assistance to Business	-0.2	-49	-49
8. Housing Trust Fund Fees	0.0	0	1,212
9. Housing Trust Fund Admin	0.0	-1,638	0
10. Distr of Funds for Local Purposes	-0.5	-82	-82
11. Developmentally Disabled Endow Fund	0.0	-471	0
12. Industries of the Future	0.0	250	250
13. Reduce Comm Devlt Finance Staff	-0.5	-70	-70
14. Columbia River Gorge Counties	0.0	410	410
15. ESSB 5586 (lead-based paint)	0.0	0	806
16. Pension Funding Change	0.0	-177	-416
17. International Trade Alliance	0.0	100	100
18. Reduce Revolving Loan Staff	-0.8	-100	-100
19. Business Retention and Expansion	0.0	600	600
20. Tourism	0.0	400	400
21. Revolving Funds	0.0	-26	-44
22. Staff Reduc. & Oper. Efficiencies	-12.4	-672	-920
Total Policy Changes	-14.4	-759	2,662
Total 2003-05 Biennium	306.4	122,260	396,606
Difference from 2001-03	-19.2	-9,539	41,069
% Change from 2001-03	-6.1%	-7.2%	11.6%

Comments:

1. Community Services Block Grant - Funding is provided to the Community Services Block Grant program for pass through to community action agencies.

2. Washington Manufacturing Service - Funding is provided for the Washington Manufacturing Service to provide technical assistance and guidance to Washington-based manufacturers to enhance their competitiveness in the global market place.

3. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)

4. Foreign Offices - Funding is provided to expand local capacity for China, and to expand operations in Shanghai, Beijing, Hong Kong, and Mexico in order to assist Washington exporters in expanding their sales opportunities.

2003-05 Omnibus Operating Budget
Dept Community, Trade, Econ Dev

- 5. Intl Trade Small Business Asst** - Funding is reduced for local export development in Bellingham and Spokane and to the Center for International Trade in Forest Products (CINTRAFOR).
- 6. Assist Local Economic Development** - Funding is provided for business development activities to conduct statewide or regional business recruitment and client lead generation services.
- 7. Financial Assistance to Business** - The administrative portion of funding for the Child Care Advantages and Facility Fund is eliminated.
- 8. Housing Trust Fund Fees** - The authority to spend the Housing Trust Fund Loan Origination Fee is shifted from the General Fund-Local Account to the Community and Economic Development Fee Account. Spending authority is provided for a new Housing Trust Fund Monitoring and Inspection Fee to be deposited into the Community and Economic Development Fee Account. (General Fund-Local, Community and Economic Development Fee Account-State)
- 9. Housing Trust Fund Admin** - Authority to spend administrative fees is moved from the state general fund to the Housing Trust Fund. (General Fund-State, Washington Housing Trust Account-State)
- 10. Distr of Funds for Local Purposes** - Funding for administrative purposes is reduced pursuant to Chapter 90, Laws of 2003 (SSB 5780). The law creates efficiencies by standardizing the distribution of Municipal Criminal Justice Assistance Account funds to counties and cities.
- 11. Developmentally Disabled Endow Fund** - The Developmental Disabilities Endowment Fund offers special needs trusts to persons with developmental disabilities to enhance the quality of their lives. Fees are sufficient to fund administrative costs of the program. Funding is shifted from the General Fund-Local Account to the Community and Economic Development Fee Account. (General Fund-Local, Community and Economic Development Fee Account-State)
- 12. Industries of the Future** - Funding is provided to develop a research program in bioinformatics as part of the Industries of the Future strategy of economic development. The Industries of the Future strategy is designed to establish Washington as a leader in emerging, strategic industries in which we already have a significant competitive advantage.
- 13. Reduce Comm Devlt Finance Staff** - FTEs and funding for the community development finance program are reduced.
- 14. Columbia River Gorge Counties** - Funding is provided for grants to Washington Columbia River Gorge counties to implement their responsibilities under the national scenic area management plan. Of this amount, \$390,000 is provided for Skamania County and \$20,000 is provided for Clark County.
- 15. ESSB 5586 (lead-based paint)** - Funding is provided pursuant to Chapter 322, Laws of 2003 (ESSB 5586). The authority to spend the federal funds will allow CTED to enter and inspect premises or facilities where lead-based paint removal activities have occurred, or where those engaged in training for lead-based paint activities conduct business. Costs will also include sampling activities and reviewing records. (General Fund-Federal, Lead Paint Account-State)
- 16. Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)
- 17. International Trade Alliance** - Funding is provided for a contract with the International Trade Alliance of Spokane to expand the sales and international trade capacity of companies in Eastern Washington.

2003-05 Omnibus Operating Budget
Dept Community, Trade, Econ Dev

18. Reduce Revolving Loan Staff - FTEs and funding for the administration of revolving loans are reduced.

19. Business Retention and Expansion - Funding is provided for additional business retention and expansion activities throughout the state.

20. Tourism - Funding is provided for the Washington State Tourism Office to market the state as a travel destination to other northwest states, including California and British Columbia in order to increase visitor revenues.

21. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

22. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

2003-05 Omnibus Operating Budget
Economic & Revenue Forecast Council
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	5.2	1,029	1,029
2003-05 Carryforward Level	5.2	1,010	1,010
2003-05 Maintenance Level	5.2	1,039	1,039
Policy Changes:			
1. General Inflation	0.0	-4	-4
2. Pension Funding Change	0.0	-6	-6
3. Revolving Funds	0.0	8	8
Total Policy Changes	0.0	-2	-2
Total 2003-05 Biennium	5.2	1,037	1,037
Difference from 2001-03	0.0	8	8
% Change from 2001-03	0.0%	0.8%	0.8%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

2003-05 Omnibus Operating Budget
Office of Financial Management
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	235.7	25,599	71,602
2003-05 Carryforward Level	257.0	25,102	74,480
2003-05 Maintenance Level	257.0	27,016	76,549
Policy Changes:			
1. General Inflation	0.0	-107	-197
2. Accting Svcs for Other Agencies	0.0	-43	-43
3. Pension Funding Change	0.0	-190	-284
4. SHB 1550 (Reg Asst Office)	1.0	100	100
5. 2SSB 5694 (Integrated Permit Syst)	0.0	249	249
6. Revolving Funds	0.0	-1,332	-392
7. Staff Reduc. & Oper. Efficiencies	-7.3	-648	-664
Total Policy Changes	-6.3	-1,971	-1,231
Total 2003-05 Biennium	250.8	25,045	75,318
Difference from 2001-03	15.1	-554	3,716
% Change from 2001-03	6.4%	-2.2%	5.2%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal, Data Processing Revolving Account-Non-Appropriated)

2. Accting Svcs for Other Agencies - The Small Agency Client Services' rate increase included in maintenance level reduces the need for state general funds.

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)

4. SHB 1550 (Reg Asst Office) - Funding is provided to implement Chapter 71, Laws of 2003 (SHB 1550) to develop a web site containing information on regulatory requirements for businesses and citizens.

5. 2SSB 5694 (Integrated Permit Syst) - Chapter 245, Laws of 2003 (2SSB 5694) establishes a pilot project to develop an integrated environmental permit system. One-time funding is provided for the contract to develop this system.

6. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, Data Processing Revolving Account-Non-Appropriated, Risk Management Administration Account-Non-Appropriated)

7. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Office of Administrative Hearings
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	137.7	0	22,864
2003-05 Carryforward Level	135.7	0	22,562
2003-05 Maintenance Level	147.7	0	25,045
Policy Changes:			
1. General Inflation	0.0	0	-120
2. Pension Funding Change	0.0	0	-127
3. Revolving Funds	0.0	0	-6
4. Staff Reduc. & Oper. Efficiencies	-3.7	0	-184
5. Self-Insurance Premiums	0.0	0	61
Total Policy Changes	-3.7	0	-376
Total 2003-05 Biennium	144.0	0	24,669
Difference from 2001-03	6.3	0	1,805
% Change from 2001-03	4.3%	0.0%	7.9%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Administrative Hearings Revolving Account-State)

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (Administrative Hearings Revolving Account-State)

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Administrative Hearings Revolving Account-State)

4. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Administrative Hearings Revolving Account-State)

5. Self-Insurance Premiums - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium. (Administrative Hearings Revolving Account-State)

2003-05 Omnibus Operating Budget
Department of Personnel
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	216.9	0	33,347
2003-05 Carryforward Level	212.4	0	43,452
2003-05 Maintenance Level	207.6	0	32,851
Policy Changes:			
1. Civil Service Work Increase	1.3	0	142
2. General Inflation	0.0	0	-328
3. Governor's Internship Program	-1.2	0	-165
4. Human Resource Info Systems	0.0	0	10,592
5. Pension Funding Change	0.0	0	-184
6. Revolving Funds	0.0	0	-164
7. Staff Reduc. & Oper. Efficiencies	-6.9	0	-169
Total Policy Changes	-6.9	0	9,724
Total 2003-05 Biennium	200.8	0	42,575
Difference from 2001-03	-16.1	0	9,228
% Change from 2001-03	-7.4%	0.0%	27.7%

Comments:

1. Civil Service Work Increase - Funding is provided for miscellaneous expenses related to the implementation of civil service reform but not associated with the development of the new Human Resource Information System. (Department of Personnel Service Account-State)

2. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Department of Personnel Services Account-State, Data Processing Revolving Account-Non Appropriated)

3. Governor's Internship Program - The Governor's Internship Program is eliminated. (Department of Personnel Service Account-State)

4. Human Resource Info Systems - Funding is provided to begin the replacement of the state payroll and personnel computer systems. (Department of Personnel Service Account-State, Department of Personnel Data Processing Revolving Fund-Non-Appropriated)

5. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (Department of Personnel Services Account-State, Data Processing Revolving Account-Non Appropriated, Higher Education Personnel Services Account-State)

6. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Department of Personnel Services Account-State, Data Processing Revolving Account-Non Appropriated, Higher Education Personnel Services Account-State)

**2003-05 Omnibus Operating Budget
Department of Personnel**

7. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, benefits, and other operating efficiencies. (Department of Personnel Services Account-State, Department of Personnel Revolving Account-Non-Appropriated, Higher Education Personnel Services Account-State)

2003-05 Omnibus Operating Budget
State Lottery Commission
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	148.8	0	812,814
2003-05 Carryforward Level	146.5	0	895,963
2003-05 Maintenance Level	146.5	0	707,903
Policy Changes:			
1. General Inflation	0.0	0	-2,248
2. Information Services	1.0	0	158
3. Legal Services	0.0	0	50
4. Pension Funding Change	0.0	0	-121
5. Mega Millions Implementation	4.5	0	430
6. Revolving Funds	0.0	0	-18
7. Staff Reduc. & Oper. Efficiencies	-6.7	0	-336
Total Policy Changes	-1.2	0	-2,085
Total 2003-05 Biennium	145.3	0	705,818
Difference from 2001-03	-3.5	0	-106,996
% Change from 2001-03	-2.7%	0.0%	-13.2%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (State Lottery Account-Non-Appropriated, Lottery Administrative Account-State)

2. Information Services - Funding is provided for a computer security specialist to enhance the protection of the Commission's assets from unauthorized access, destruction, or tampering. This new staff member will conduct additional comprehensive security reviews, evaluations, and systems analysis to ensure the security of Lottery information technology operations. (Lottery Administrative Account-State)

3. Legal Services - Funding is provided for legal services for the procurement of the Commission's online electronic gaming vendor contract and for online electronic gaming acceptance testing. The next online vendor contract is expected to cost in excess of \$10 million per year, with a six-to-ten year contract commitment. (Lottery Administrative Account-State)

4. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (Lottery Administrative Account-State)

5. Mega Millions Implementation - Funding is provided for one financial analyst, one programmer, one district sales representative, one part-time customer service specialist, and one security investigator as a result of the Mega Millions multi-jurisdictional lottery game. (Lottery Administrative Account-State)

6. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Lottery Administrative Account-State)

**2003-05 Omnibus Operating Budget
State Lottery Commission**

7. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Lottery Administrative Account-State)

2003-05 Omnibus Operating Budget
Washington State Gambling Comm
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	196.7	0	29,353
2003-05 Carryforward Level	196.3	0	30,030
2003-05 Maintenance Level	188.2	0	29,112
Policy Changes:			
1. General Inflation	0.0	0	-126
2. Self-Insurance Premiums, Experience	0.0	0	168
3. Revolving Funds	0.0	0	10
4. Staff Reduc. & Oper. Efficiencies	-10.2	0	-1,880
Total Policy Changes	-10.2	0	-1,828
Total 2003-05 Biennium	178.0	0	27,284
Difference from 2001-03	-18.7	0	-2,069
% Change from 2001-03	-9.6%	0.0%	-7.0%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Gambling Revolving Account-Non-Appropriated)

2. Self-Insurance Premiums, Experience - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium. (Gambling Revolving Account-Non-Appropriated)

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Gambling Revolving Account-Non-Appropriated)

4. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Gambling Revolving Account-Non-Appropriated)

2003-05 Omnibus Operating Budget
WA State Comm on Hispanic Affairs
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	2.8	444	444
2003-05 Carryforward Level	2.3	413	413
2003-05 Maintenance Level	2.3	439	439
Policy Changes:			
1. General Inflation	0.0	-4	-4
2. Coordinate Hispanic Comm Issues	-0.5	-35	-35
3. Pension Funding Change	0.0	-2	-2
4. Revolving Funds	0.0	10	10
Total Policy Changes	-0.5	-31	-31
Total 2003-05 Biennium	1.8	408	408
Difference from 2001-03	-1.0	-36	-36
% Change from 2001-03	-33.3%	-8.1%	-8.1%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Coordinate Hispanic Comm Issues - In order to increase administrative efficiency, the Governor's Office of Indian Affairs shall co-locate with the Commission on Asian Pacific American Affairs, the Commission on African American Affairs, the Commission on Hispanic Affairs, and the Citizens' Commission on Salaries for Elected Officials. Administrative and salary savings are assumed due to shared administrative functions and fixed costs.

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

4. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

2003-05 Omnibus Operating Budget
African-American Affairs Comm
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	2.7	425	425
2003-05 Carryforward Level	2.3	418	418
2003-05 Maintenance Level	2.3	447	447
Policy Changes:			
1. General Inflation	0.0	-3	-3
2. Coordinate African-American Issues	-0.5	-53	-53
3. Pension Funding Change	0.0	-2	-2
4. Revolving Funds	0.0	8	8
Total Policy Changes	-0.5	-50	-50
Total 2003-05 Biennium	1.8	397	397
Difference from 2001-03	-0.9	-28	-28
% Change from 2001-03	-33.3%	-6.6%	-6.6%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Coordinate African-American Issues - In order to increase administrative efficiency, the Governor's Office of Indian Affairs shall co-locate with the Commission on Asian Pacific American Affairs, the Commission on African American Affairs, the Commission on Hispanic Affairs, and the Citizens' Commission on Salaries for Elected Officials. Administrative and salary savings are assumed due to shared administrative functions and fixed costs.

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

4. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

2003-05 Omnibus Operating Budget
Personnel Appeals Board
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	11.0	0	1,738
2003-05 Carryforward Level	11.0	0	1,708
2003-05 Maintenance Level	11.0	0	1,737
Policy Changes:			
1. General Inflation	0.0	0	-6
2. Pension Funding Change	0.0	0	-10
3. Revolving Funds	0.0	0	10
4. Staff Reduc. & Oper. Efficiencies	-0.1	0	-6
Total Policy Changes	-0.1	0	-12
Total 2003-05 Biennium	11.0	0	1,725
Difference from 2001-03	0.0	0	-13
% Change from 2001-03	0.0%	0.0%	-0.7%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Department of Personnel Service Account-State)

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (Department of Personnel Services Account-State)

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Department of Personnel Services Account-State)

4. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Department of Personnel Services Account-State)

2003-05 Omnibus Operating Budget
Department of Retirement Systems
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	296.0	0	54,111
2003-05 Carryforward Level	274.6	0	45,046
2003-05 Maintenance Level	274.6	0	45,944
Policy Changes:			
1. General Inflation	0.0	0	-318
2. Unreduced Duty Death Survivor Ben.	0.0	0	31
3. LEOFF 2 Board Services	5.0	0	1,676
4. Pension Funding Change	0.0	0	-218
5. EMT Service Credit Transfer	0.0	0	125
6. Substitute Employee Service Credit	0.0	0	124
7. Fallen Hero Survivor Benefits	0.0	0	77
8. Retire-Rehire Oversight	0.3	0	324
9. Complete Imaging of Member Files	0.0	0	1,678
10. Essential Maintenance of EDIMS	0.0	0	405
11. Plan 3 Contributions	0.0	0	21
12. Death Benefit for Public Employees	0.0	0	30
13. Revolving Funds	0.0	0	-786
14. Staff Reduc. & Oper. Efficiencies	-9.7	0	-541
Total Policy Changes	-4.4	0	2,628
Total 2003-05 Biennium	270.2	0	48,572
Difference from 2001-03	-25.8	0	-5,539
% Change from 2001-03	-8.8%	0.0%	-10.2%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Dependent Care Administrative Account-State, Department of Retirement Expense Account-State)

2. Unreduced Duty Death Survivor Ben. - Funding is provided for the administrative costs associated with paying unreduced survivor benefits for members of the Public Employees', School Employees', and Teachers' Retirement Systems who were killed on the job pursuant to Chapter 155, Laws of 2003 (HB 1519). (Department of Retirement Systems Expense Fund-State)

3. LEOFF 2 Board Services - Funding is provided for additional duties associated with the Law Enforcement Officers' and Fire Fighters' Plan 2 (LEOFF 2) Board created by Initiative 790. The expenses of the Department of Retirement Systems will be reimbursed by the LEOFF 2 Board. (Department of Retirement Systems Expense Account-State)

4. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (Dependent Care Administrative Account-State, Department of Retirement Systems Expense Account-State)

2003-05 Omnibus Operating Budget
Department of Retirement Systems

5. EMT Service Credit Transfer - Funding is provided for administrative costs associated with the opportunity provided by Chapter 293, Laws of 2003 (SHB 1202). The bill provides for Emergency Medical Technicians to transfer service credit earned in the Public Employees' Retirement System into the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2. (Department of Retirement Systems Expense Account-State)

6. Substitute Employee Service Credit - Funding is provided for administrative costs of providing the optional purchase of service credit by substitute employees in the School Employees' Retirement System after the end of each school year as required by Chapter 157, Laws of 2003 (HB 5094). (Department of Retirement Expense Account-State)

7. Fallen Hero Survivor Benefits - Funding is provided for administrative costs associated with removing the actuarial reduction for survivor benefits paid on behalf of public safety officers killed in the line of duty, pursuant to Chapter 032, Laws of 2003 (SB 5100) and in compliance with the federal Fallen Hero Survivor Benefit Fairness Act of 2001. (Department of Retirement Expense Account-State)

8. Retire-Rehire Oversight - Funding is provided for administrative costs associated with new oversight responsibilities in Chapter 412, Laws of 2003 (SHB 1829), related to the hiring of retired members of the Public Employees' Retirement System Plan 1. (Department of Retirement Systems Expense Account-State)

9. Complete Imaging of Member Files - Funding is provided to complete the conversion of member files to electronic images for the agency's Electronic Document Image Management System (EDIMS). At the beginning of FY 2004, the Department of Retirement Systems estimates that one-third of the files will remain non-imaged. (Department of Retirement Systems Expense Account-State)

10. Essential Maintenance of EDIMS - Funding is provided for the ongoing maintenance of the Electronic Document Image Management System (EDIMS). These funds will cover maintenance fee increases, the replacement of computer hardware, and software upgrades. (Department of Retirement Systems Expense Account-State)

11. Plan 3 Contributions - Funding is provided for administrative costs associated with provision of additional contribution options in Plan 3 of the Public Employees', Teachers', and School Employees' Retirement Systems under Chapter 156, Laws of 2003 (HB 1206). (Department of Retirement Expense Account-State)

12. Death Benefit for Public Employees - Funding is provided for administrative costs associated with paying a \$150,000 lump-sum death benefit for members of the Public Employees', School Employees', and Teachers' Retirement Systems under Chapter 402, Laws of 2003 (HB 1207). (Department of Retirement Systems Expense Fund-State)

13. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Dependent Care Administrative Account-State, Department of Retirement Systems Expense Account-State, Deferred Compensation Administrative Account-Non Appropriated)

14. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Dependent Care Administrative Account-State, Department of Retirement Systems Expense Account-State, Deferred Compensation Administrative Account-Non Appropriated)

2003-05 Omnibus Operating Budget
State Investment Board
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	61.6	0	13,678
2003-05 Carryforward Level	61.6	0	13,181
2003-05 Maintenance Level	61.6	0	13,337
Policy Changes:			
1. General Inflation	0.0	0	-41
2. Investment Activities	0.0	0	150
3. Pension Funding Change	0.0	0	-68
4. Investment Consultant for Fircrest	0.0	100	100
5. Revolving Funds	0.0	0	-8
6. Staff Reduc. & Oper. Efficiencies	-1.0	0	-108
Total Policy Changes	-1.0	100	25
Total 2003-05 Biennium	60.6	100	13,362
Difference from 2001-03	-1.0	100	-316
% Change from 2001-03	-1.6%	0.0%	-2.3%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (State Investment Board Expense Account-State)

2. Investment Activities - Funding is provided for the State Investment Board (SIB) to hire a consultant to develop a plan with the securities industry and the Department of Information Services to allow SIB to implement the settlement of transactions within the same day for a security trade, which is called straight-through-processing. The cost of the consultant will be \$150,000. (State Investment Board Expense Account-State)

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (State Investment Board Expense Account-State)

4. Investment Consultant for Fircrest - Funding is provided for a contract with a real estate investment consultant to prepare options and recommended investment strategies for surplus property at the five state residential habilitation centers. Investment return from the surplus properties is to be deposited into an account to support services for developmentally disabled clients. In developing recommended strategies for the Fircrest School property, the contractor shall identify the investment strategy that will produce the greatest long-term investment return on the property without sale of the land.

5. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (State Investment Board Expense Account-State)

6. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (State Investment Board Expense Account-State)

2003-05 Omnibus Operating Budget
Department of Revenue
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	999.2	153,458	163,854
2003-05 Carryforward Level	1,033.9	156,515	166,893
2003-05 Maintenance Level	1,036.5	160,124	171,339
Policy Changes:			
1. Revenue Enforcement Enhancement	61.0	6,180	6,180
2. Pension Funding Change	0.0	-808	-850
3. Implementing the SSTA	1.7	303	303
4. Commute Trip Reduction program	0.9	103	103
5. Municipal Business & Occupation Tax	0.5	82	82
6. Administrative Rule Notice	0.0	92	92
7. Revolving Funds	0.0	-104	-106
8. Staff Reduc. & Oper. Efficiencies	-33.9	-1,566	-1,618
9. Self-Insurance Premiums	0.0	154	154
Total Policy Changes	30.2	4,436	4,340
Total 2003-05 Biennium	1,066.7	164,560	175,679
Difference from 2001-03	67.5	11,102	11,825
% Change from 2001-03	6.8%	7.2%	7.2%

Comments:

1. Revenue Enforcement Enhancement - \$6.18 million is provided to the Department for additional revenue enforcement efforts. Strategies may include, but are not limited to, additional taxpayer education, audit activity, tax discovery efforts, and delinquent account collections. Positions funded include auditors, revenue agents, excise tax examiners, one hearings examiner, and one field audit manager. This investment is expected to produce \$32.0 million in revenue for the state general fund in the 2003-05 biennium.

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, Timber Tax Distribution Account-State, Unclaimed Personal Property Account-Non-Appropriated)

3. Implementing the SSTA - Funding is provided to implement the streamlined sales and use tax agreement, pursuant to Chapter 168, Laws of 2003 (SB 5783). Activities include, but are not limited to, studying sourcing issues, assisting taxpayers with new definitions and tax liability, and amending rules.

4. Commute Trip Reduction program - Funding is provided to implement the commute trip reduction program, pursuant to Chapter 364, Laws of 2003 (ESHB 2228).

5. Municipal Business & Occupation Tax - Funding is provided to study the net fiscal impact of the apportionment and allocation method outlined in Chapter 79, Laws of 2003 (EHB 2030), pursuant to the requirements of the same chapter.

6. Administrative Rule Notice - Funding is provided to the Department to increase the frequency with which it notifies businesses of changes to administrative rules, pursuant to Chapter 246, Laws of 2003 (SSB 5766).

2003-05 Omnibus Operating Budget
Department of Revenue

7. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, Timber Tax Distribution Account-State)

8. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, Timber Tax Distribution Account-State)

9. Self-Insurance Premiums - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the Department's self-insurance premium in the 2003-05 biennium.

2003-05 Omnibus Operating Budget
Board of Tax Appeals
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	11.0	2,238	2,238
2003-05 Carryforward Level	11.0	2,166	2,166
2003-05 Maintenance Level	11.0	2,205	2,205
Policy Changes:			
1. General Inflation	0.0	-12	-12
2. Pension Funding Change	0.0	-12	-12
3. Revolving Funds	0.0	12	12
4. Staff Reduc. & Oper. Efficiencies	-1.1	-64	-64
Total Policy Changes	-1.1	-76	-76
Total 2003-05 Biennium	10.0	2,129	2,129
Difference from 2001-03	-1.0	-109	-109
% Change from 2001-03	-9.1%	-4.9%	-4.9%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

4. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
Municipal Research Council
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	0	4,575
2003-05 Carryforward Level	0.0	0	4,511
2003-05 Maintenance Level	0.0	0	4,621
Total 2003-05 Biennium	0.0	0	4,621
Difference from 2001-03	0.0	0	46
% Change from 2001-03	0.0%	0.0%	1.0%

Comments:

2003-05 Omnibus Operating Budget
Minority & Women's Business Enterp
(Dollars in Thousands)

	Conference Proposal		Total
	FTEs	GF-S	
2001-03 Estimated Expenditures	20.0	0	2,670
2003-05 Carryforward Level	20.0	0	2,664
2003-05 Maintenance Level	20.0	0	2,519
Policy Changes:			
1. General Inflation	0.0	0	-23
2. Pension Funding Change	0.0	0	-16
3. Adjust to Current Spending	-4.0	0	-500
4. Revolving Funds	0.0	0	10
Total Policy Changes	-4.0	0	-529
Total 2003-05 Biennium	16.0	0	1,990
Difference from 2001-03	-4.0	0	-680
% Change from 2001-03	-20.0%	0.0%	-25.5%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Minority and Women's Business Enterprises Account-State)

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (Minority and Women's Business Enterprises Account-State)

3. Adjust to Current Spending - The Office's spending authority is reduced by \$500,000 as a general activity cut. The Office shall use its managerial discretion to reduce spending in areas that will have the least impact on client services. The Office is encouraged to diversify its funding sources by adjusting fees to a more meaningful level and soliciting grants from outside sources. In addition, the Legislature will review the Office's structure and functions and recommend changes during FY 2004. (Minority and Women's Business Enterprises Account-State)

4. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Minority and Women's Business Enterprises Account-State)

2003-05 Omnibus Operating Budget
Dept of General Administration
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	603.2	1,256	130,222
2003-05 Carryforward Level	583.8	1,193	122,650
2003-05 Maintenance Level	583.8	1,202	131,300
Policy Changes:			
1. General Inflation	0.0	-2	-1,266
2. Campus Tours	0.0	-616	0
3. Commute Trip Reduction	0.0	0	0
4. Dist Surplus Food/Prop:TEFAP/CSFP	0.0	0	967
5. Parking Management	0.0	0	0
6. Pension Funding Change	0.0	-4	-392
7. Revolving Funds	0.0	0	-152
8. Staff Reduc. & Oper. Efficiencies	-26.9	-112	-1,400
9. Self-Insurance Premiums	0.0	0	188
Total Policy Changes	-26.9	-734	-2,055
Total 2003-05 Biennium	556.9	468	129,245
Difference from 2001-03	-46.3	-788	-977
% Change from 2001-03	-7.6%	-62.7%	-0.8%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)

2. Campus Tours - In the 2003-05 biennium, tours of the State Capitol will be funded through the Seat of Government charge instead of the state general fund. (General Fund-State, General Administration Services Account-State)

3. Commute Trip Reduction - In the 2001-03 biennium, campus parking fees funded the Commute Trip Reduction Program Coordinator and other program administrative expenses. Beginning in the 2003-05 biennium, the Seat of Government charge will fund this program. (State Capitol Vehicle Parking Account-State, General Administration Services Account-State)

4. Dist Surplus Food/Prop:TEFAP/CSFP - The U.S. Department of Agriculture established the Commodity Supplemental Food Program (CSFP) to provide food and administrative funds to meet the needs of a client base that was not being served by other federal programs. The client will receive a monthly food package targeted to meet the special nutritional needs of children and the elderly. (General Fund-Federal)

5. Parking Management - Parking services will be funded entirely by parking revenues from state employees in the 2003-05 biennium. Parking fee revenue will be placed in the State Vehicle Parking Account to pay costs in support of parking facility operational maintenance, parking regulation and enforcement, and parking facility capital reinvestment costs. The parking revenues and expenditures will be budgeted as a non-appropriated, allotted line-of-business. (State Vehicle Parking Account-Non-Appropriated, General Administration Services Account-State)

6. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)

**2003-05 Omnibus Operating Budget
Dept of General Administration**

7. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

8. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

9. Self-Insurance Premiums - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium. (General Administration Services Account-Non-Appropriated)

2003-05 Omnibus Operating Budget
Department of Information Services
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	428.1	0	207,456
2003-05 Carryforward Level	443.6	0	206,054
2003-05 Maintenance Level	443.6	0	209,361
Policy Changes:			
1. Digital Learning	0.0	2,000	2,000
2. General Inflation	0.0	0	-2,764
3. Pension Funding Change	0.0	0	-416
4. Revolving Funds	0.0	0	-58
5. Staff Reduc. & Oper. Efficiencies	-14.1	0	-676
Total Policy Changes	-14.1	2,000	-1,914
Total 2003-05 Biennium	429.5	2,000	207,447
Difference from 2001-03	1.4	2,000	-9
% Change from 2001-03	0.5%	0.0%	0.0%

Comments:

1. Digital Learning - The Digital Learning Commons is a web-based portal where students, parents, and teachers from around the state will have access to digital resources, learning tools, and online classes. The intent is to establish a clearinghouse of high quality online courses and curriculum materials that are aligned with the state's essential learning requirements. The clearinghouse shall be designed for ease of use and shall pool the purchasing power of the state so that these resources and courses are affordable and accessible to schools, teachers, students and parents. The demonstration project is funded through \$2 million in state funds, which will be matched by \$3 million in private grants. An independent, nonprofit organization will launch this public-private partnership, which will become self-sustaining after the start-up phase.

2. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Various other funds)

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (Various other funds)

4. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Data Processing Revolving Account-Non-Appropriated)

5. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Data Processing Revolving Account-Non-Appropriated)

2003-05 Omnibus Operating Budget
Office of Insurance Commissioner
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	181.1	0	31,127
2003-05 Carryforward Level	190.1	0	31,380
2003-05 Maintenance Level	190.1	0	31,536
Policy Changes:			
1. Automated Systems Examinations	1.0	0	212
2. Pension Funding Change	0.0	0	-178
3. Market Conduct Examinations	3.0	0	544
4. Health Plan Provider Networks	1.2	0	195
5. Agent & Broker Licensing	2.0	0	221
6. Revolving Funds	0.0	0	408
Total Policy Changes	7.2	0	1,402
Total 2003-05 Biennium	197.3	0	32,938
Difference from 2001-03	16.2	0	1,811
% Change from 2001-03	8.8%	0.0%	5.8%

Comments:

1. Automated Systems Examinations - Funding is provided to establish an automation examination specialist position to assess the automated systems of insurance companies as part of each company's financial examination. This examination will comply with national accreditation standards of the National Association of Insurance Commissioners. (General Fund-Federal, Insurance Commissioner's Regulatory Account-State)

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (Insurance Commissioner's Regulatory Account-State)

3. Market Conduct Examinations - Funding is provided to establish an adequate staffing level to conduct statutorily mandated market conduct examinations for all domestic insurers and health carriers at least once every five years. (Insurance Commissioner's Regulatory Account-State)

4. Health Plan Provider Networks - Funding is provided for on-going analysis of health care provider networks, to be performed in conjunction with the Department of Social and Health Services and the Health Care Authority. (Insurance Commissioner's Regulatory Account-State)

5. Agent & Broker Licensing - Funding is provided for additional staff to address increased licensing requirements and caseloads, as well as for an automation examination specialist. These positions will reduce the waiting period for licenses, appointments, and affiliations from 20 to 5 business days. (Insurance Commissioner's Regulatory Account-State)

6. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Insurance Commissioner's Regulatory Account-State)

2003-05 Omnibus Operating Budget
State Board of Accountancy
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	9.0	0	1,738
2003-05 Carryforward Level	8.3	0	1,610
2003-05 Maintenance Level	8.3	0	1,649
Policy Changes:			
1. General Inflation	0.0	0	-11
2. Public Accountancy Act (SHB 1211)	1.0	0	351
3. Pension Funding Change	0.0	0	-6
4. Revolving Funds	0.0	0	8
5. Staff Reduc. & Oper. Efficiencies	0.0	0	-6
Total Policy Changes	1.0	0	336
Total 2003-05 Biennium	9.3	0	1,985
Difference from 2001-03	0.3	0	247
% Change from 2001-03	0.0%	0.0%	14.2%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Certified Public Accountants' Account-State)

2. Public Accountancy Act (SHB 1211) - Appropriation authority is provided to implement the Public Accountancy Act, pursuant to Chapter 290, Laws of 2003 (SHB 1211). (Certified Public Accountants' Account-State)

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (Certified Public Accountants' Account-State)

4. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Certified Public Accountants' Account-State)

5. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Certified Public Accountants' Account-State)

2003-05 Omnibus Operating Budget
Forensic Investigations Council
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	0	276
2003-05 Carryforward Level	0.0	0	276
2003-05 Maintenance Level	0.0	0	274
Total 2003-05 Biennium	0.0	0	274
Difference from 2001-03	0.0	0	-2
% Change from 2001-03	0.0%	0.0%	-0.7%

Comments:

2003-05 Omnibus Operating Budget
Washington Horse Racing Commission
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	29.0	0	4,528
2003-05 Carryforward Level	28.5	0	4,454
2003-05 Maintenance Level	28.5	0	4,633
Policy Changes:			
1. General Inflation	0.0	0	-12
2. Pension Funding Change	0.0	0	-20
3. Revolving Funds	0.0	0	8
Total Policy Changes	0.0	0	-24
Total 2003-05 Biennium	28.5	0	4,609
Difference from 2001-03	-0.5	0	81
% Change from 2001-03	-3.4%	0.0%	1.8%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Horse Racing Commission Account-State)

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (Horse Racing Commission Account-State)

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Horse Racing Commission Account-State)

2003-05 Omnibus Operating Budget
WA State Liquor Control Board
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	949.5	2,969	157,961
2003-05 Carryforward Level	930.0	2,905	145,192
2003-05 Maintenance Level	942.0	2,932	151,516
Policy Changes:			
1. General Inflation	0.0	-13	-1,332
2. Liquor Store Relocations	0.0	0	369
3. Open Five New Liquor Stores	16.0	0	2,172
4. Reinstate Expenses for Liquor Store	0.0	0	3,136
5. MBS-Maintain Production System	3.0	0	1,309
6. MBS-Complete Migration	0.0	0	2,000
7. Pension Funding Change	0.0	-12	-540
8. Revolving Funds	0.0	2	24
9. Self-Insurance Premiums	0.0	0	954
Total Policy Changes	19.0	-23	8,092
Total 2003-05 Biennium	961.0	2,909	159,608
Difference from 2001-03	11.5	-60	1,647
% Change from 2001-03	1.2%	-2.0%	1.0%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)

2. Liquor Store Relocations - Funding is provided to relocate 13 of the 157 state-run liquor stores to new locations consistent with population growth and improved marketing practices. The new locations are projected to increase net revenue to the state general fund by \$2.6 million and local governments by \$1.1 million during the 2003-05 biennium. (Liquor Revolving Account-State)

3. Open Five New Liquor Stores - Expenditure authority is provided for the Liquor Control Board to open five new liquor stores in areas of the state that are under-served due to rapid population growth. The new stores will generate \$3.4 million in net revenue for the state and \$1.0 million in net revenue for local governments during the 2003-05 biennium. (Liquor Revolving Account-State, Liquor Revolving Account-Non-Appropriated)

4. Reinstate Expenses for Liquor Store - Funding authority of \$3.1 million is provided for adequate staffing to prevent the closure of 11 state liquor stores and to increase store hours for 82 liquor stores. Previous budget reductions, combined with costs unanticipated by the Legislature, resulted in store hours being reduced, expected store closures, and a reduction in revenues. This increased level of funding will prevent a \$1.2 million reduction in future state general fund revenues. (Liquor Revolving Account-State)

5. MBS-Maintain Production System - In the 2001-03 biennium, the Legislature appropriated funding for new point-of-sale technology, known as the Merchandising Business System (MBS), to replace the agency's obsolete system. The new MBS system will allow tracking of all state store retail sales, and include forecasting and data analysis that should encourage more effective purchasing and business practices. Additional funding is provided to purchase MBS software licenses, provide training, and hire technical staff to support the system. (Liquor Revolving Account-State)

**2003-05 Omnibus Operating Budget
WA State Liquor Control Board**

6. MBS-Complete Migration - In the 2001-03 biennium, the Legislature appropriated \$4.8 million to build a new Merchandising Business System (MBS) to improve point-of-sale data analysis and business practices. Of the \$4.8 million in planned expenditures, \$2.0 million remain unspent due to contractor and other delays and are reappropriated for the 2003-05 biennium. The total expenditures for the project shall not exceed the original appropriation of \$4.8 million, but the additional time to expend the funds should allow the Board to implement the project effectively. (Liquor Revolving Account-State)

7. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, Liquor Revolving Account-State)

8. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Liquor Revolving Account-State)

9. Self-Insurance Premiums - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium. (Liquor Revolving Account-State)

2003-05 Omnibus Operating Budget
Utilities and Transportation Comm
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	167.1	0	31,356
2003-05 Carryforward Level	164.1	0	30,219
2003-05 Maintenance Level	162.1	0	30,675
Policy Changes:			
1. General Inflation	0.0	0	-103
2. Financial and Budget Services	0.0	0	150
3. Performance Audit (SHB 1013)	0.0	0	200
4. Pension Funding Change	0.0	0	-197
5. Revolving Funds	0.0	0	-50
6. Staff Reduc. & Oper. Efficiencies	-8.8	0	-1,092
7. Self-Insurance Premiums	0.0	0	98
Total Policy Changes	-8.8	0	-994
Total 2003-05 Biennium	153.4	0	29,681
Difference from 2001-03	-13.7	0	-1,675
% Change from 2001-03	-8.4%	0.0%	-5.3%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Public Service Revolving Account-State, Pipeline Safety Account-State)

2. Financial and Budget Services - Funding is provided to complete the Utilities and Transportation Commission's financial system upgrade. The upgrade will automate accounting entries, increase security and internal controls, and provide more timely and accurate data to agency managers through improved reporting. (Public Service Revolving Account-State, Pipeline Safety Account-State)

3. Performance Audit (SHB 1013) - \$200,000 in additional expenditure authority is provided in recognition of Substitute House Bill 1013 (utilities and transportation commission performance audit). These funds are to be transferred to the joint legislative audit and review committee (JLARC) for the performance audit outlined in the bill. (Public Service Revolving Account-State, Pipeline Safety Account-State, Pipeline Safety Account-Federal)

4. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (Public Service Revolving Account-State)

5. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Public Service Revolving Account-State, Pipeline Safety Account-State)

6. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Public Service Revolving Account-State, Pipeline Safety Account-State, Pipeline Safety Account-Federal)

**2003-05 Omnibus Operating Budget
Utilities and Transportation Comm**

7. Self-Insurance Premiums - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 biennium. (Public Service Revolving Account-State, Pipeline Safety Account-State)

2003-05 Omnibus Operating Budget
Board for Volunteer Firefighters
(Dollars in Thousands)

	Conference Proposal		Total
	FTEs	GF-S	
2001-03 Estimated Expenditures	3.0	0	577
2003-05 Carryforward Level	3.0	0	575
2003-05 Maintenance Level	3.0	0	687
Policy Changes:			
1. General Inflation	0.0	0	-2
2. Pension Funding Change	0.0	0	-2
3. Revolving Funds	0.0	0	56
4. Staff Reduc. & Oper. Efficiencies	0.0	0	-6
Total Policy Changes	0.0	0	46
Total 2003-05 Biennium	3.0	0	733
Difference from 2001-03	0.0	0	156
% Change from 2001-03	0.0%	0.0%	27.0%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Administration Account-State)

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Administration Account-State)

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Administration Account-State)

4. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Administration Account-State)

2003-05 Omnibus Operating Budget
Military Department
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	213.5	18,214	149,028
2003-05 Carryforward Level	213.0	17,611	103,194
2003-05 Maintenance Level	248.0	17,970	133,620
Policy Changes:			
1. General Inflation	0.0	-116	-371
2. Disaster Response and Recover	0.0	0	190
3. Employer Support of Guard/Reserves	0.0	-28	-28
4. Enhanced 911 Program	2.5	0	11,152
5. Facility Operations & Maintenance	0.0	-500	0
6. Military Records Management	0.0	-286	0
7. Real Property Management	0.0	-133	0
8. Homeland Security Federal Support	4.0	200	13,838
9. Homeland Security Supplemental	4.0	0	29,917
10. Vehicle/Equipment Maintenance	-1.2	-263	-263
11. WA Emergency Mgmt Council	-0.6	-133	-133
12. Washington State Guard	0.0	-26	-26
13. Additional Camp Murray Security	14.0	0	980
14. Pension Funding Change	0.0	-88	-188
15. Nisqually Spending Adjustment	0.0	0	-6,200
16. Extend Earthqk. Discretionary Fund	0.0	0	3,000
17. Revolving Funds	0.0	78	78
18. Staff Reduc. & Oper. Efficiencies	-6.2	-228	-366
19. Self-Insurance Premiums	0.0	262	262
Total Policy Changes	16.5	-1,261	51,842
Total 2003-05 Biennium	264.5	16,709	185,462
Difference from 2001-03	51.0	-1,505	36,434
% Change from 2001-03	23.4%	-8.3%	24.4%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)

2. Disaster Response and Recover - One-time funding is provided to develop an automated system to collect and track damage assessment information following a disaster. The system will allow impacted organizations to provide information through an Internet template and will produce a database that can be updated as projects are developed, approved, and modified throughout the recovery process. Currently, the Military Department manages more than \$135 million in federal and state funds for recovery from floods and the 2001 Nisqually earthquake. This funding level assumes modification of systems currently available through vendors. (Disaster Response Account-State)

3. Employer Support of Guard/Reserves - Funding is eliminated for the Employer Support of Guard/Reserves program. The program provides advice to employers and military members about their rights and responsibilities under the law and seeks resolutions to misunderstandings between employers and reservists when forces are called for national defense. Full-time, federally-funded counsel remains available to provide legal advice and intervention.

2003-05 Omnibus Operating Budget Military Department

4. Enhanced 911 Program - Funding is provided to support the Enhanced 911 (E911) program. An increased level of support for counties is provided to meet new federal requirements that mandate that E911 systems work with wireless calls and to replace out-of-date equipment for supporting wireline calls. Funding is provided in the following three areas: 1) to cover the difference between local tax revenues and minimum service requirements costs (while all counties collect the maximum E911 taxes permitted by law, only seven counties collect sufficient revenue to meet minimum service requirements); 2) to pay for statewide expenses; and 3) to provide technical support staff specializing in wireless systems in the Department's Emergency Management Division. Total funding includes \$2.2 million for one-time equipment purchases. (Enhanced 911 Account-State)

5. Facility Operations & Maintenance - \$500,000 in funding for maintenance costs of Army and Air National Guard and Emergency Management Division facilities is shifted from state to federal funding. The facilities are primarily used for federal purposes. (General Fund-State, General Fund-Federal)

6. Military Records Management - \$286,000 in state funding for military records management is shifted to federal funding. Requirements for recordkeeping of all active, reserve, retired officers, and other service records are primarily for federal purposes. (General Fund-State, General Fund-Federal)

7. Real Property Management - State funding for real property management of Army and Air National Guard and Emergency Management Division facilities is eliminated. Many of these facilities are used by local organizations that currently pay nominal rent for utility, maintenance, and operation costs. It is assumed that real property management, which includes the rental agreement function, will also be covered by rental fees. (General Fund-State, General Fund-Private/Local)

8. Homeland Security Federal Support - Based on recent congressional action, \$13.6 million in total federal funding is expected to be available to assist Washington State in improving homeland security, with no state or local matching fund requirements (except \$200,000 for state Terrorism Consequence Management). The Military Department will receive the funds and distribute them as determined by the Adjutant General and the Governor's Homeland Security Executive Group in conjunction with federal requirements and approval. \$11.3 million in confirmed funding from the federal FY 2003 budget is available. Federal budget projections indicate another \$2.3 million will likely become available for statewide interoperable communication equipment, competitive grants for local governments, and Community Emergency Response Training (CERT)/Citizen Corps, bringing the total federal funding for state FY 2004 to \$13.6 million. Note the expected breakout of funding for state and local governments below. (General Fund-State, General Fund-Federal)

Funding for State Needs:

\$2.97 million in federal funds, and \$200,000 in state funds, for prescribed equipment, exercises, planning and administration, Terrorism Consequence Management, and training.

Funding for Local Needs:

\$8.3 million in federal funds for prescribed equipment, exercises, planning and administration, Terrorism Consequence Management, and competitive grants.

9. Homeland Security Supplemental - Based on the federal FY 2003 supplemental budget, an additional \$29.9 million in homeland security funding has been awarded to Washington State, with no state or local matching fund requirements. The Military Department will receive the funds and distribute them as determined by the Adjutant General and the Governor's Homeland Security Executive Group in conjunction with federal requirements and approval. Note the expected breakout of funding for state and local governments below. (General Fund-Federal)

Funding for State Needs:

\$5.2 million for prescribed equipment, training, exercises, and planning.

\$2 million for enhanced security at critical infrastructure facilities, as part of Operation Liberty Shield, and other purposes as permitted under federal rules.

Funding for Local Needs:

\$20.7 million for prescribed equipment, training, exercises, and planning.

\$2 million for enhanced security at critical infrastructure facilities, as part of Operation Liberty Shield, and other purposes as permitted under federal rules.

**2003-05 Omnibus Operating Budget
Military Department**

10. Vehicle/Equipment Maintenance - Funding is eliminated for the on-site repair of vehicles belonging to the state or issued to the state by the federal government. Repairs will be continued through the use of local vendors. The Military Department may also increase the use of the state motor pool, equipment rental, and contract maintenance.

11. WA Emergency Mgmt Council - Funding is eliminated for administrative support to the Emergency Management Council (EMC). The EMC will continue to operate, but travel and support costs will be covered by the member organizations of the EMC or funded by outside grants, if possible. The Emergency Management Division will absorb costs for the annual assessment report produced by the EMC.

12. Washington State Guard - Funding is eliminated for the uniform allowance of members of the Washington State Guard, which is composed primarily of retired members of the Washington Army and Air National Guards.

13. Additional Camp Murray Security - Federal funding is provided for additional security staff at entrances to Camp Murray, consistent with federal readiness measures. (General Fund-Federal)

14. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)

15. Nisqually Spending Adjustment - The Department's expenditure authority from the state Nisqually earthquake account is reduced by \$6.2 million to reflect the decrease in funds needed for earthquake repair claims. (Nisqually Earthquake Account-State)

16. Extend Earthqk. Discretionary Fund - A total of \$17.2 million was provided in the 2001 supplemental budget as a discretionary fund for the Office of Financial Management (OFM) to cover earthquake damage claims that have merit but are not covered by the Federal Emergency Management Agency (FEMA). To date, \$7.8 million of these claims have been approved, leaving a \$9.4 million balance. \$3.0 million of the remaining \$9.4 million is reappropriated for claims that still have appeals pending with FEMA or are otherwise waiting for approval. OFM shall manage the \$3.0 million by providing assistance only where it is most critical and shall report to the Legislature on any project approved over \$1.0 million. (Nisqually Earthquake Account-State)

17. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

18. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

19. Self-Insurance Premiums - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the Department's self-insurance premium in the 2003-05 biennium.

2003-05 Omnibus Operating Budget
Public Employment Relations Comm
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	25.2	4,646	4,646
2003-05 Carryforward Level	38.1	6,795	6,795
2003-05 Maintenance Level	29.2	4,820	5,355
Policy Changes:			
1. General Inflation	0.0	-16	-16
2. Resolve Pub Employer Labor Disputes	12.4	0	2,099
3. Pension Funding Change	0.0	-38	-41
4. Charter Schools Implementation	0.3	40	40
5. Revolving Funds	0.0	12	12
6. Staff Reduc. & Oper. Efficiencies	-0.2	-20	-109
Total Policy Changes	12.5	-22	1,985
Total 2003-05 Biennium	41.7	4,798	7,340
Difference from 2001-03	16.5	152	2,694
% Change from 2001-03	68.0%	3.3%	58.0%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Resolve Pub Employer Labor Disputes - Funding is provided for workload increases due to increased oversight and mediation relating to the collective bargaining/civil service reform process as required by Chapter 354, Laws of 2002 (SHB 1268). FTEs added include two administrators, eight mediators, and clerical and support staff. (General Fund-State, Department of Personnel Service Account-State)

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, Department of Personnel Service Account-State)

4. Charter Schools Implementation - Funding is provided for the implementation of Substitute Senate Bill 5012 (charter schools), which provides for the establishment of a limited number of charter schools. As the result of the establishment of additional bargaining units associated with charter schools, it is anticipated that the Public Employees' Relations Commission will have additional certification, mediation, and hearing workload. (General Fund-State)

5. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State)

6. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, Department of Personnel Service Account-State)

2003-05 Omnibus Operating Budget
Growth Management Hearings Board
(Dollars in Thousands)

	Conference Proposal		Total
	FTEs	GF-S	
2001-03 Estimated Expenditures	12.0	3,008	3,008
2003-05 Carryforward Level	12.0	2,935	2,935
2003-05 Maintenance Level	12.0	3,067	3,067
Policy Changes:			
1. General Inflation	0.0	-12	-12
2. Pension Funding Change	0.0	-16	-16
3. Revolving Funds	0.0	8	8
4. Staff Reduc. & Oper. Efficiencies	0.0	-44	-44
Total Policy Changes	0.0	-64	-64
Total 2003-05 Biennium	12.0	3,003	3,003
Difference from 2001-03	0.0	-5	-5
% Change from 2001-03	0.0%	-0.2%	-0.2%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

4. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
State Convention and Trade Center
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	155.0	0	67,734
2003-05 Carryforward Level	155.0	0	69,048
2003-05 Maintenance Level	155.0	0	71,405
Policy Changes:			
1. General Inflation	0.0	0	-190
2. Convention Center Construction Pymt	0.0	0	525
3. Revolving Funds	0.0	0	12
Total Policy Changes	0.0	0	347
Total 2003-05 Biennium	155.0	0	71,752
Difference from 2001-03	0.0	0	4,018
% Change from 2001-03	0.0%	0.0%	5.9%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (State Convention and Trade Center Operations Account-State)

2. Convention Center Construction Pymt - Funding is provided to maintain the State Convention and Trade Center building in the 2003-05 biennium, including replacement and restoration of worn wall coverings, portable chairs, slate, steam traps, and the air system. (Convention and Trade Center Account-State)

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Convention and Trade Center Operations Account-State)

2003-05 Omnibus Operating Budget
WA State Health Care Authority
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	300.7	6,665	723,447
2003-05 Carryforward Level	311.4	0	853,574
2003-05 Maintenance Level	322.3	0	915,858
Policy Changes:			
1. Consolidated Drug Purchasing	2.0	0	1,159
2. I-773 Basic Health Expansion	-38.0	0	-206,146
3. General Inflation	0.0	0	-209
4. Managed BHP Enrollment	0.0	0	-15,341
5. Restructure the Basic Health Plan	-4.4	0	-156,778
6. Pharmacy Connection Program	0.0	0	500
7. Pension Funding Change	0.0	0	-246
8. Revolving Funds	0.0	0	-140
9. Staff Reduc. & Oper. Efficiencies	-10.2	0	-498
Total Policy Changes	-50.6	0	-377,699
Total 2003-05 Biennium	271.7	0	538,159
Difference from 2001-03	-29.0	-6,665	-185,288
% Change from 2001-03	-9.6%	-100.0%	-25.6%

Comments:

1. Consolidated Drug Purchasing - Funding is provided for the Medical Assistance Administration, the Health Care Authority, and the Department of Labor and Industries to consolidate their drug purchasing by jointly developing a list of drugs in each of at least sixteen therapeutic classes to be prioritized for state-agency purchase. The prioritized list will be based upon safety, efficacy, and cost, and will be developed by a statewide pharmacy and therapeutics committee consisting of nine professional members. This is expected to reduce the growth in state drug expenditures by \$84 million (\$30 million state funds) across the three agencies. This item funds the administrative cost of operating the program. (State Health Care Authority Administrative Account-State, Health Services Account-State, Medical Aid Account-State, General Fund-Federal)

2. I-773 Basic Health Expansion - Savings are achieved by halting the expansion of enrollment in the Basic Health Plan. This item represents the difference in cost between the increase to 160,000 persons for which funding is assumed in the budget base and the projected June 2003 Basic Health Plan enrollment in the 2003 Supplemental Budget of 120,777 persons. (Health Services Account-State, General Fund-Federal, Basic Health Trust Account Non-Appropriated)

3. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-Federal, Health Care Authority Administrative Account-State)

4. Managed BHP Enrollment - Savings are achieved by continuing to limit enrollment into the Basic Health Plan in order to reach the target level of 100,000 enrollees. It is anticipated that enrollment will reach the targeted level during the first half of CY 2004. Under the Health Care Authority's managed enrollment policy, the only persons admitted to the Basic Health Plan are: (1) those who have temporarily left the program due to a Medicaid-covered pregnancy; (2) children not eligible for Medicaid due to their immigration status; (3) enrollees who become current on their account after losing a month's coverage due to late payment; and (4) new dependents of existing enrollees. These savings are updated for the April 2003 Health Care Authority Data. (Health Services Account-State, Basic Health Trust Account Non-Appropriated)

**2003-05 Omnibus Operating Budget
WA State Health Care Authority**

5. Restructure the Basic Health Plan - Savings are achieved by reducing Basic Health Plan enrollment from 120,777 persons at the beginning of the FY 2003 to 100,000 persons in the second half of FY 2004. Thereafter, enrollment remains at 100,000 persons. Beginning in CY 2004, the benefit package is reduced to approximately 82 percent of the value of the benefits offered during CY 2003. These savings are updated for the April 2003 Health Care Authority Data. (General Fund-Federal, Basic Health Trust Account-State, Health Services Account-State)

6. Pharmacy Connection Program - Funding is provided for the Health Care Authority to contract with a university or other qualified organization to link state residents with manufacturer-sponsored drug assistance programs. The pharmacy connection program will employ staff, students, and volunteers to help persons who do not have prescription drug coverage identify and apply for the particular manufacturer-sponsored program which best fits the individual's income level and pharmaceutical needs. (Health Services Account-State)

7. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-Federal, Health Care Authority Administration Account-State, Health Services Account-State)

8. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Health Care Authority Administrative Account-State, Health Services Account-State)

9. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-Federal, Health Care Authority Administrative Account-State, Health Services Account-State)

2003-05 Omnibus Operating Budget
Human Rights Commission
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	51.9	5,426	7,095
2003-05 Carryforward Level	51.4	5,289	6,954
2003-05 Maintenance Level	51.4	5,434	7,149
Policy Changes:			
1. General Inflation	0.0	-27	-31
2. Reduce Agency Spending	-1.5	-478	-530
3. Pension Funding Change	0.0	-26	-40
4. Staff Reduc. & Oper. Efficiencies	-2.3	-128	-164
Total Policy Changes	-3.8	-659	-765
Total 2003-05 Biennium	47.7	4,775	6,384
Difference from 2001-03	-4.2	-651	-711
% Change from 2001-03	-7.7%	-12.0%	-10.0%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)

2. Reduce Agency Spending - The Commission's total budget is reduced by 7 percent from maintenance level as a general activity cut. State general fund support is reduced by 9 percent. The Commission shall use its managerial discretion to reduce spending in those areas that have the least impact on client service and federal requirements. (General Fund-State, General Fund-Federal)

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal)

4. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Bd of Industrial Insurance Appeals
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	159.8	0	30,115
2003-05 Carryforward Level	161.8	0	29,705
2003-05 Maintenance Level	163.8	0	30,695
Policy Changes:			
1. General Inflation	0.0	0	-190
2. Pension Funding Change	0.0	0	-152
3. Revolving Funds	0.0	0	20
4. Staff Reduc. & Oper. Efficiencies	-4.8	0	-224
Total Policy Changes	-4.8	0	-546
Total 2003-05 Biennium	159.1	0	30,149
Difference from 2001-03	-0.7	0	34
% Change from 2001-03	-0.6%	0.0%	0.1%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Accident Account-State, Medical Aid Account-State)

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (Accident Account-State, Medical Aid Account-State)

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (Accident Account-State, Medical Aid Account-State)

4. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Accident Account-State, Medical Aid Account-State)

2003-05 Omnibus Operating Budget
Criminal Justice Training Comm
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	40.9	0	18,881
2003-05 Carryforward Level	40.0	0	18,482
2003-05 Maintenance Level	40.0	0	18,861
Policy Changes:			
1. General Inflation	0.0	0	-227
2. Pension Funding Change	0.0	0	-30
3. Sex Offender Web Site	0.0	0	250
4. Revolving Funds	0.0	0	4
5. Staff Reduc. & Oper. Efficiencies	-3.2	0	-172
Total Policy Changes	-3.2	0	-175
Total 2003-05 Biennium	36.8	0	18,686
Difference from 2001-03	-4.1	0	-195
% Change from 2001-03	-9.8%	0.0%	-1.0%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Public Safety and Education Account-State)

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (Public Safety and Education Account-State)

3. Sex Offender Web Site - Funding is provided for the Washington Association of Sheriffs and Police Chiefs (WASPC) to staff and support a web site with information about registered sex offenders. Initial development of the web site was provided through donations. State funds will allow the site to be operational and kept up-to-date. (Public Safety and Education Account-State)

5. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Public Safety and Education Account-State)

2003-05 Omnibus Operating Budget
Department of Labor and Industries
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	2,751.4	11,430	470,481
2003-05 Carryforward Level	2,743.9	11,221	463,866
2003-05 Maintenance Level	2,661.6	11,689	477,425
Policy Changes:			
1. General Inflation	0.0	-27	-1,898
2. Operating Costs/Exist Capital Proj	0.0	0	1,000
3. Claims Appeal	1.9	0	280
4. Claims Management	0.0	0	9,923
5. Collections Unit Enhancement	4.4	0	606
6. Health Services Analysis	0.0	0	398
7. Accounts Receivable System	9.9	416	6,112
8. Provider Fraud Unit	1.9	0	268
9. Third Party	1.0	0	149
10. ESSB 5713 (Electrical Contractors)	0.0	0	296
11. Pension Funding Change	0.0	-69	-2,065
12. Cholinesterase Med Monitoring	0.0	0	378
13. Eliminate Health and Safety Grants	0.0	0	-10,000
14. Revolving Funds	0.0	-38	-7,364
15. Staff Reduc. & Oper. Efficiencies	-78.7	-248	-3,834
16. Self-Insurance Premiums	0.0	0	725
Total Policy Changes	-59.7	34	-5,026
Total 2003-05 Biennium	2,601.9	11,723	472,399
Difference from 2001-03	-149.5	293	1,918
% Change from 2001-03	-5.4%	2.6%	0.4%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)

2. Operating Costs/Exist Capital Proj - Funding is provided to eliminate a growing backlog of extraordinary facility repairs that have exceeded the routine maintenance threshold, to provide certain upgrades related to employee safety, and to improve the environmental infrastructure that promotes continuous operations. (Accident Account-State, Medical Aid Account-State)

3. Claims Appeal - Funding is increased for the Office of Claims Appeals to improve the timeliness of the reconsideration process and reduce the backlog of internal appeals cases. (Accident Account-State, Medical Aid Account-State)

4. Claims Management - In the 2001-03 biennium, the Department of Labor and Industries conducted a feasibility study of methods to exchange workers' compensation claim-related information electronically with employers, health care providers, and workers. The feasibility study supported a comprehensive new system for electronic management of workers' compensation claims and employer information. Funding is provided to build this new system, the Online Reporting and Customer Access Project, which will provide customers the ability to exchange information and establish and manage workers' compensation claims online 24 hours per day. (Accident Account-State, Medical Aid Account-State)

2003-05 Omnibus Operating Budget
Department of Labor and Industries

5. Collections Unit Enhancement - The Collections Unit is responsible for all collections activity related to employers who do not pay proper workers' compensation premiums or do not pay fines for worker safety violations. This unit ensures that employers pay their premiums, responsible parties pay for the damage they cause, fraud is kept to a minimum, and appeals are handled in a timely manner. The additional staff will increase annual collections by an estimated \$2.5 million. (Accident Account-State, Medical Aid Account-State)

6. Health Services Analysis - The Department of Labor and Industries spends approximately \$16 million per year on independent medical examinations (IME) for injured workers. When the exams do not provide the necessary information to make a decision, the medical costs and treatment can be delayed, thereby increasing costs. Funding is provided to establish a peer review process of IMEs in order to enhance the quality of these exams so that the necessary information is provided. (Medical Aid Account-State)

7. Accounts Receivable System - Funding is provided to develop an enterprise accounts receivable system. This system will combine 16 separate accounts receivable systems within the agency for greater accountability and reconciliation with the state accounting system. An outside auditor will perform a one-time audit on the new system. (General Fund-State, various other funds)

8. Provider Fraud Unit - The Provider Fraud Investigation Program audits, investigates, and gathers information on alleged frauds and abuse. The program identifies fraudulent billing practices, pursues leads, and recommends methods to prevent fraudulent activities. This unit ensures employers pay their premiums, responsible parties pay for the damage they cause, fraud is kept to a minimum, and appeals are handled in a timely manner. Additional funding and FTEs are provided to investigate more cases of fraud and recover more funds for the workers' compensation system. It is estimated that these additional FTEs will be able to identify \$1 million dollars per year in fraudulent billings. (Accident Account-State, Medical Aid Account-State)

9. Third Party - The Third Party Unit recovers costs of workers' compensation claims from liable parties. Funding for one additional FTE is provided to increase the recovery of benefits. The additional investigator will increase the recovery of benefits by \$600,000 per year. (Accident Account-State, Medical Aid Account-State)

10. ESSB 5713 (Electrical Contractors) - Funding is provided to implement the provisions of Chapter 399, Laws of 2003 (ESSB 5713). Expenditures will include implementing continuing education requirements, making necessary computer system modifications to address the requirements of the bill, and staff for the joint legislative task force established in the bill. (Electrical License Account-State, Plumbing Certificate Account-State)

11. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)

12. Cholinesterase Med Monitoring - Funding is provided for the Department of Labor and Industries to contract with medical laboratories, health care providers, and other entities to provide cholinesterase medical monitoring of farm workers who handle cholinesterase-inhibiting pesticides, and to collect and analyze data related to such monitoring. (Accident Account-State)

13. Eliminate Health and Safety Grants - The Safety and Health Impact Grant program can only continue when there are excess funds over the 10 percent contingency reserve. Since there will be no excess funds in the 2003-05 biennium, this \$10 million dollar program is eliminated. (Medical Aid Account-State)

14. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

15. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

2003-05 Omnibus Operating Budget
Department of Labor and Industries

16. Self-Insurance Premiums - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 Biennium. (Accident Account-State, Medical Aid Account-State)

2003-05 Omnibus Operating Budget
Indeterminate Sentence Review Board
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	8.2	1,994	1,994
2003-05 Carryforward Level	8.2	1,950	1,950
2003-05 Maintenance Level	8.2	2,000	2,000
Policy Changes:			
1. General Inflation	0.0	-10	-10
2. Pension Funding Change	0.0	-8	-8
3. Revolving Funds	0.0	10	10
4. Staff Reduc. & Oper. Efficiencies	0.0	-32	-32
Total Policy Changes	0.0	-40	-40
Total 2003-05 Biennium	8.2	1,960	1,960
Difference from 2001-03	0.0	-34	-34
% Change from 2001-03	0.0%	-1.7%	-1.7%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

4. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
Home Care Quality Authority
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	1.6	152	152
2003-05 Carryforward Level	4.0	322	322
2003-05 Maintenance Level	5.0	509	509
Policy Changes:			
1. Registry of Home Care Providers	0.0	150	150
2. Pension Funding Change	0.0	-2	-2
3. Revolving Funds	0.0	14	14
Total Policy Changes	0.0	162	162
Total 2003-05 Biennium	5.0	671	671
Difference from 2001-03	3.4	519	519
% Change from 2001-03	150.0%	341.4%	341.4%

Comments:

1. Registry of Home Care Providers - One-time funding is provided to design and develop a referral registry of individual home care providers, as required by Initiative 775. The Home Care Quality Authority will develop procedures to remove from the registry providers who have committed improper acts in the performance of their duties.

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

2003-05 Omnibus Operating Budget
Department of Health
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	1,183.5	113,882	656,829
2003-05 Carryforward Level	1,184.0	111,648	675,245
2003-05 Maintenance Level	1,260.7	119,251	696,682
Policy Changes:			
1. Expand Food Safety Program	1.5	266	266
2. Add Newborn Screening Tests	4.8	0	2,350
3. Newborn Hearing Screening	0.0	222	222
4. Web-Based Death Certificate System	6.6	0	3,433
5. Vital Records Fee Increase	0.0	-2,452	0
6. Transfer AIDS Insurance Program	0.0	6,798	6,798
7. State Toxics Account Reduction	-0.8	0	-231
8. General Inflation	0.0	-345	-1,477
9. Child Death Reviews	-1.0	-1,000	-1,000
10. Reduce CHARs Subsidy	0.0	0	0
11. Increase HIV Cost-Sharing	0.0	-1,545	-1,545
12. Additional Federal Grants	3.4	0	28,223
13. Pension Funding Change	0.0	-435	-1,096
14. Hepatitis C	0.0	0	150
15. Recreational Shellfish Testing	0.0	-938	0
16. Transfer Trauma Funding	0.0	0	-2,299
17. Water Reclamation Assistance	-3.9	-678	-678
18. Municipal Water Systems	5.5	111	1,098
19. Mercury Reduction and Education	0.8	0	144
20. Optometrist Prescription Authority	0.4	0	67
21. Nursing Technician Registration	0.3	0	67
22. Revolving Funds	0.0	-4	-8
23. Staff Reduc. & Oper. Efficiencies	-26.2	-884	-1,550
Total Policy Changes	-8.8	-884	32,934
Total 2003-05 Biennium	1,251.9	118,367	729,616
Difference from 2001-03	68.4	4,485	72,787
% Change from 2001-03	5.7%	3.9%	11.1%

Comments:

1. Expand Food Safety Program - Funding is provided for a 33 percent increase in statewide coordination and quality enhancement of local food safety inspection efforts. This increase is required due to: (1) an increase in local and nationwide food recalls; (2) the need to update training materials, exams, and inspection forms to conform with the comprehensive revision of the state's food service rules scheduled for implementation in January 2005; (3) requests from the food industry and local health jurisdictions for the state to take a more active leadership role in promoting consistent food safety policies and training statewide; and (4) the need to develop and implement a plan to respond to emergencies which might result from sabotage of the food supply.

2. Add Newborn Screening Tests - The State Board of Health has recommended that all newborns be screened by the state public health laboratory for five additional disorders which can cause mental or motor retardation, blindness, hearing loss, physical abnormalities, and/or death if undetected. Testing for the five disorders will increase public health laboratory expenditures by approximately \$1.6 million per year beginning in CY 2004, requiring an estimated \$20.50 (50 percent) increase in the fee charged for newborn screenings. An estimated \$800,000 of the annual cost (\$400,000 state funds) will be borne by the state's Medical Assistance program, which pays for 43 percent of all births in the state. (General Fund-Local)

2003-05 Omnibus Operating Budget Department of Health

3. Newborn Hearing Screening - The State Board of Health has recommended that all newborns be screened for early hearing loss. Funding is provided for technical assistance to hospitals for implementation of this requirement, and for surveillance and tracking activities associated with early hearing loss detection, diagnosis, and intervention.

4. Web-Based Death Certificate System - The Department of Health's (DOH) Center for Health Statistics maintains the state's system of vital records and statistics. The state and local fee for all certified copies of vital records is raised to \$15.00. Of that increase, \$7.00 of each fee for second copies of death certificates ordered at the same time as the first copy will go to the DOH to maintain the state vital records system, including the implementation of a web-based electronic death registration system. Appropriation authority is provided for the implementation of a web-based death registration system. (General Fund-Local)

5. Vital Records Fee Increase - The fee charged for a certified copy of all birth, death, marriage, and divorce certificates is increased by \$2, from \$15 to \$17, in order to reduce the need for state subsidy of the vital records and statistics system. Maintenance and operation of the statewide system has become increasingly reliant upon state revenues since implementation of the automated birth certificate system in 1992. The automated system enables the public to pick up certified copies of birth certificates at local health departments, rather than driving or writing to Olympia. Since current law provides that fees collected remain with the local issuer, the more user-friendly system has resulted in reduced revenues to maintain and operate the databases upon which the entire vital records system depends. Substitute Senate Bill 5545 will provide for \$2 of all fees collected, regardless of issuer, to be deposited with the Department of Health to support maintenance and operation of the statewide system. (General Fund-State, General Fund-Private/Local)

6. Transfer AIDS Insurance Program - Administrative responsibility for the Evergreen Health Insurance Program, which pays for insurance coverage for persons with AIDS who are not eligible for Medicaid, is transferred from the Department of Social and Health Services to the Department of Health. This will consolidate agency management and budgetary responsibility for all non-Medicaid services for persons with HIV disease into a single agency.

7. State Toxics Account Reduction - Funding in the State Toxics Control Account is reduced by \$230,000 in the 2003-05 biennium. To achieve this reduction, the Department of Health will no longer test water and toxic samples at the public health laboratories; terminate toxicological consultations involving pesticides and fertilizers for environmental health programs, local health jurisdictions, and citizens; or reduce the level of response to requests for general toxicological consultations. (State Toxics Control Account)

8. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)

9. Child Death Reviews - Since 1999, the state Department of Health has provided financial assistance for local health department staff to review the circumstances surrounding unexpected child deaths, and has collected, analyzed, and disseminated the result of the teams' findings. State funding for this activity is discontinued. Unusual circumstances will continue to be investigated by local health and law enforcement officials. Patterns and factors associated with avoidable deaths will likely continue to be analyzed and disseminated by private organizations, such as the Sudden Infant Death Syndrome (SIDS) Foundation.

10. Reduce CHARS Subsidy - The state subsidy for the Comprehensive Hospital Accounting and Reporting System (CHARS) is eliminated. Since its inception, CHARS been funded by a statutory assessment on hospital revenues. During 1992-2000, this assessment averaged .033% of hospital revenues. During the 2000 legislative session, the system received a public subsidy for the first time, from the Health Services Account. As a result of the subsidy being eliminated, the assessment is expected to increase to approximately .018% of hospital revenues. (Health Services Account-State, Hospital Commission Account-State)

11. Increase HIV Cost-Sharing - To partially offset the \$6.4 million increase in projected state expenditures for the AIDS Drug Assistance Program, without denying access to life-sustaining medications by lowering eligibility levels or establishing program waiting lists, recipient cost-sharing is to be increased to the maximum allowed under the federal Ryan White CARE Act. Recipient cost-sharing will average 5-10 percent of family income, compared to 2-4 percent now.

2003-05 Omnibus Operating Budget Department of Health

12. Additional Federal Grants - Additional federal appropriation authority is provided due to the receipt of federal funds greater than anticipated in the base-level budget, including: \$18.9 million for the Women, Infant, and Child (WIC) nutrition program; \$2.1 million for sexually transmitted disease projects; \$2.1 million for childhood immunization operations; \$1.8 million for infectious disease laboratory work; \$1 million for small rural hospitals; and \$900,000 for HIV-AIDS services and epidemiology. (General Fund-Federal)

13. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)

14. Hepatitis C - Funding is provided for implementation of Engrossed Second Substitute House Bill 1638 (Hepatitis C). The Department of Health shall design a state plan for the prevention and treatment of Hepatitis C. Funding for the development of the plan will be provided through federal and private sources. (General Fund-Private/Local)

15. Recreational Shellfish Testing - State general fund savings are realized by increasing the fee for recreational shellfish licenses issued by the Department of Fish and Wildlife by \$2, so that Department of Health lab testing and on-site inspection of recreationally-harvested shellfish will be fee-supported rather than state-subsidized. (General Fund-State, General Fund-Private/Local)

16. Transfer Trauma Funding - Some of the Emergency Medical Services and Trauma Account revenues previously appropriated to the Department of Health are transferred to the Department of Social and Health Services, in order to collect federal Medicaid matching funds on allowable expenditures. The \$12.6 million which continues to be appropriated to the Department of Health is to be distributed among hospitals, trauma professionals, and other trauma services through fixed grants and contracts. The Departments are directed to implement a system to assure that state expenditures for increased trauma reimbursement do not exceed the amount appropriated from the Emergency Medical Services and Trauma Account, and do not include federal disproportionate share hospital funding not specifically appropriated for this purpose. The previous system of attempting to distribute such funding through add-ons to the standard Medicaid fee-for-service payment rates in order to generate federal matching funds resulted in over-expenditures of \$3.8 million in FY 2000; \$13 million in FY 2001, and an additional \$11 million through the first ten months of FY 2002. Those over-expenditures had to be paid by the state general fund, rather than by the special-purpose trauma fund. (Emergency Medical Systems and Trauma Account-State)

17. Water Reclamation Assistance - During the 1999-01 biennium, the state's Drinking Water Program expanded efforts to promote water conservation and re-use by providing technical assistance and training to local water systems, and by promoting improved coordination among state and local agencies. Because a solid foundation has now been laid for continuation of such efforts locally, and because this is a lower priority government activity, state funding for this expanded effort is discontinued.

18. Municipal Water Systems - Funding is provided for implementation of Engrossed Substitute House Bill 1338 (municipal water rights). The legislation requires the Department of Health to draft rules, implement policy, and provide technical assistance regarding new, enforceable water conservation requirements. It is also expected to result in 50 additional water systems seeking plan reviews each year, in order to secure water rights. The majority of the cost associated with the bill will be financed by a 25 cent per residence fee on water connections. (General Fund-State, General Fund-Private/Local)

19. Mercury Reduction and Education - Funding is provided for the Department of Health to develop a plan for educating schools, local governments, businesses, and the public on proper disposal methods for mercury-added products, as required by Engrossed Substitute House Bill 1002 (mercury). (State Toxics Control Account)

20. Optometrist Prescription Authority - Substitute Senate Bill 5226 (optometry) authorizes optometrists who have completed additional instruction and clinical supervision to prescribe certain oral medications. Funding is provided for the health professional quality assurance program to define training requirements, develop drug guidelines, and promulgate rules for implementation of this new licensing option. (Health Professions Account-State)

2003-05 Omnibus Operating Budget
Department of Health

21. Nursing Technician Registration - Substitute Senate Bill 5829 (nursing technicians) authorizes nursing students who are employed by hospitals or nursing homes and who have registered as nursing technicians to perform certain tasks under the supervision of a registered nurse. Funding is provided for the Department of Health to establish and managed this new fee-supported registration program. (Health Professions Account-State)

22. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

23. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

2003-05 Omnibus Operating Budget
Department of Veterans' Affairs
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	582.3	20,636	73,811
2003-05 Carryforward Level	611.8	21,230	77,421
2003-05 Maintenance Level	611.8	22,143	79,425
Policy Changes:			
1. General Inflation	0.0	-292	-292
2. Pension Funding Change	0.0	-101	-378
3. Revolving Funds	0.0	14	40
4. Staff Reduc. & Oper. Efficiencies	-2.0	-188	-202
Total Policy Changes	-2.0	-567	-832
Total 2003-05 Biennium	609.8	21,576	78,593
Difference from 2001-03	27.5	940	4,782
% Change from 2001-03	4.8%	4.6%	6.5%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

4. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

2003-05 Omnibus Operating Budget
Department of Corrections
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	7,792.4	1,093,745	1,131,558
2003-05 Carryforward Level	7,895.6	1,093,935	1,126,103
2003-05 Maintenance Level	8,283.4	1,208,756	1,242,825
Policy Changes:			
1. General Inflation	0.0	-4,637	-4,785
2. Comm. Corr. Officer Training	0.0	400	400
3. Electronic Monitoring Pilot	0.0	100	100
4. Reduce Low/Mod-Risk Supervision	-112.1	-14,782	-14,782
5. Shift LFO Billing and Collection	-23.2	-3,709	-3,709
6. Drug Treatment Funding Adj.	0.0	-229	1,183
7. Pension Funding Change	0.0	-5,805	-5,827
8. OMNI-Phase II Modifications	0.0	3,250	3,250
9. Sentencing & Early Release Changes	-31.3	-24,939	-24,939
10. Revolving Funds	0.0	-1,522	-1,522
11. Staff Reduc. & Oper. Efficiencies	-55.8	-5,660	-5,676
12. Self-Insurance Premiums	0.0	12,846	12,846
Total Policy Changes	-222.3	-44,687	-43,461
Total 2003-05 Biennium	8,061.1	1,164,069	1,199,364
Difference from 2001-03	268.7	70,324	67,806
% Change from 2001-03	3.5%	6.4%	6.0%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal, Public Health Services Account-State, Cost of Supervision Fund)

2. Comm. Corr. Officer Training - Funding is provided to expand the adult services academy from three weeks to four weeks in order to address training related to the implementation of the Offender Accountability Act (OAA). In addition, the training will address tort liability claims, OAA issues related to victims, and safety issues such as defensive tactics and search and seizure arrests. The additional funding will cover the increased expenses resulting from the Criminal Justice Training Commission's expansion of the academy to include these issues.

3. Electronic Monitoring Pilot - One-time funding is provided for a pilot project to examine the efficacy, feasibility, and reliability of using GPS electronic monitoring to track released level III sex offenders. The Department of Corrections will contract with the Washington Association of Sheriffs and Police Chiefs (WASPC). WASPC will report to the Legislature by January 31, 2004 on the results of the pilot.

**2003-05 Omnibus Operating Budget
Department of Corrections**

4. Reduce Low/Mod-Risk Supervision - The Department of Corrections is responsible for supervising felony offenders who have been sentenced in Superior Court and reside in the community. Using a risk assessment process, the Department classifies offenders into four risk levels. Funding is reduced in accordance with Chapter 379, Laws of 2003 (ESSB 5990), which eliminates community supervision for offenders who have been assessed as low or moderate risk (risk management levels D and C) with certain exceptions. Regardless of risk level, the Department will continue to supervise offenders with prison sentences who have a current or prior: sex offense; violent offense; crime against a person; residential burglary conviction; felony domestic violence conviction; delivery of a controlled substance to a minor conviction; methamphetamine manufacture/delivery/possession with intent to deliver conviction; and offenders who have been sentenced under the First-Time Offender Waiver (FTOW) or offenders whose conditions of community supervision include substance abuse treatment. For offenders sentenced to less than one year (a jail sentence), the Department will only supervise those offenders for whom the courts have imposed a term of community custody because of a current conviction for a sex offense, violent offense, crime against a person, a drug offense, or a sentence under the FTOW. The community supervision changes expire on July 1, 2010.

5. Shift LFO Billing and Collection - Currently, the Department of Corrections is responsible for the monitoring and collection of court-ordered legal financial obligations (LFOs) for offenders supervised in the community. Savings are achieved in conjunction with Chapter 379, Laws of 2003 (ESSB 5990). Effective October 1, 2003, the collection of LFOs from offenders who have no other supervision requirements is shifted from the Department to county clerks through the Office of the Administrator for the Courts (OAC). Billing for all offenders who owe LFOs will be performed by OAC effective January 1, 2004.

6. Drug Treatment Funding Adj. - Funding in the amount of \$2.9 million is provided to the Department of Corrections in accordance with Chapter 290, Laws of 2002 (2SHB 2338), which lowered presumptive standard range sentences for certain drug offenders and devoted savings resulting from the implementation of the sentencing changes to drug offender treatment in prison and in the community. Existing funding is adjusted in conjunction with an assumed reduction in the drug offender population due to proposed drug sentencing and early release changes included in Chapter 379, Laws of 2003 (ESSB 5990). The reduction assumes that fewer offenders will need treatment services in prison than was previously estimated. (General Fund-State, Violence Reduction and Drug Enforcement Account-State)

7. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, Public Safety and Education Account-State, Cost of Supervision Fund)

8. OMNI-Phase II Modifications - Funding from the second phase of the Department's project to replace the Offender-Based Tracking System with the new Offender Management Network Information (OMNI) system is shifted from FY 2003 to the 2003-05 biennium to account for modifications to the sentence structure and classification modules. These modules will be carried forward from the 2001-03 biennium in order to prevent the Department from incurring additional costs to the OMNI project as a result of offender sentencing and supervision changes enacted by the Legislature in Chapter 379, Laws of 2003 (ESSB 5990).

9. Sentencing & Early Release Changes - Savings are achieved through the implementation of Chapter 379, Laws of 2003 (ESSB 5990), which: (1) moves up the effective date of a new drug offender sentencing grid enacted during the 2002 legislative session (Chapter 290, Laws of 2002) from July 1, 2004 to July 1, 2003; (2) changes the maximum amount of earned release time that certain offenders may earn from 33 percent of their sentence to 50 percent; (3) reduces the amount of early release time an offender may earn for serious violent and Class A sex offenses from 15 percent to 10 percent of the sentence; and (4) changes the manner in which the Department of Corrections must supervise offenders in the community. The earned early release changes will only be made available to offenders who are classified as low- to moderate-risk and who do not have current or prior convictions for violent offenses, sex crimes, certain methamphetamine crimes, residential burglary offenses, felony domestic violence offenses, delivery of a controlled substance to a minor, or crimes against persons. Provisions that increase the maximum earned release time apply both to the existing inmate population and to future inmates incarcerated in state prison facilities. These provisions expire July 1, 2010.

10. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

**2003-05 Omnibus Operating Budget
Department of Corrections**

11. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, Public Safety and Education Account-State)

12. Self-Insurance Premiums - Funding is provided to reflect increased self-insurance premiums for the Department of Corrections in the 2003-05 biennium. State agencies pay an annual self-insurance premium to fund the state's self-insurance liability program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations.

2003-05 Omnibus Operating Budget
Dept of Services for the Blind
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	71.9	3,301	17,963
2003-05 Carryforward Level	71.9	3,200	18,030
2003-05 Maintenance Level	71.9	3,621	18,606
Policy Changes:			
1. Federal match update/revision	0.0	0	1,437
2. General Inflation	0.0	-23	-95
3. Pension Funding Change	0.0	-14	-59
4. Revolving Funds	0.0	2	8
5. Staff Reduc. & Oper. Efficiencies	-4.3	-52	-212
Total Policy Changes	-4.3	-87	1,079
Total 2003-05 Biennium	67.6	3,534	19,685
Difference from 2001-03	-4.3	233	1,722
% Change from 2001-03	-5.6%	7.1%	9.6%

Comments:

1. Federal match update/revision - Federal appropriation authority is provided for the Department of the Services for the Blind to maximize federal funding for vocational rehabilitation services. (General Fund-Federal)

2. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal)

4. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-Federal)

5. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Sentencing Guidelines Commission
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	12.1	1,798	1,798
2003-05 Carryforward Level	11.5	1,686	1,686
2003-05 Maintenance Level	11.5	1,698	1,698
Policy Changes:			
1. General Inflation	0.0	-10	-10
2. Pension Funding Change	0.0	-6	-6
3. Revolving Funds	0.0	10	10
4. Staff Reduc. & Oper. Efficiencies	-1.1	-214	-214
Total Policy Changes	-1.1	-220	-220
Total 2003-05 Biennium	10.5	1,478	1,478
Difference from 2001-03	-1.6	-320	-320
% Change from 2001-03	-16.7%	-17.8%	-17.8%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

4. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. Funding is adjusted to more closely reflect actual agency staffing patterns. It is assumed that the Commission can leave vacant one position on an ongoing basis. This represents 30 percent of the number of staff months actually vacant during the first eight months of FY 2003.

2003-05 Omnibus Operating Budget
Department of Employment Security
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	2,174.8	0	444,950
2003-05 Carryforward Level	2,148.4	0	413,145
2003-05 Maintenance Level	2,159.4	0	515,615
Policy Changes:			
1. General Inflation	0.0	0	-1,694
2. Re-Employment of UI Claimants	21.0	0	2,272
3. Social Security Crossmatch	5.0	0	644
4. Overpayment Cash Processing	0.0	0	387
5. Increased Revenue Collection	6.0	0	1,105
6. Pension Funding Change	0.0	0	-1,294
7. Electronic Data Management	0.0	0	1,881
8. Improve Initial UI Claim Process	6.0	0	2,065
9. UI Claimant Assistance	25.0	0	4,337
10. Manufacturing Advisory Partnership	0.0	0	100
11. Revolving Funds	0.0	0	-1,246
12. Staff Reduc. & Oper. Efficiencies	-80.4	0	-3,902
13. Self-Insurance Premiums	0.0	0	202
Total Policy Changes	-17.4	0	4,857
Total 2003-05 Biennium	2,142.0	0	520,472
Difference from 2001-03	-32.8	0	75,522
% Change from 2001-03	-1.5%	0.0%	17.0%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-Federal, General Fund-Local, Unemployment Compensation Administration Account-Federal, Employment Services Account-State)

2. Re-Employment of UI Claimants - Funding is provided to expedite the re-employment of claimants who are currently drawing unemployment insurance (UI) by providing the tools and technology needed to effectively link claimants to employers. The Employment Security Department (ESD) has been providing these services on a pilot basis and the projects have already resulted in a 40 percent decrease in UI benefit usage for long-term unemployed clients. This funding will allow ESD to implement the program statewide. (Employment Services Account-State)

3. Social Security Crossmatch - Funding is provided to increase unemployment insurance (UI) benefit overpayment prevention and detection by initiating a cross-match with the Social Security Administration and by increasing investigative staff. This initiative will result in increased UI benefit payment accuracy due to verifying each social security number used to file claims. (Administrative Contingency Account-State)

4. Overpayment Cash Processing - One-time funding is provided to develop an automated cash processing computer system that interfaces with the Department's benefit payment system (GUIDE). This system will provide an efficient and effective method for processing payments, and will improve the audit and accounting functions for all claimant payments submitted to the agency. (Administrative Contingency Account-State)

2003-05 Omnibus Operating Budget

Department of Employment Security

5. Increased Revenue Collection - Funding is provided for additional collection staff. This will result in an increased collection of unemployment insurance benefit overpayments of \$7.2 million annually (principal and interest). (Administrative Contingency Account-State)

6. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-Federal, General Fund-Local, Unemployment Compensation Administration Account-Federal, Administrative Contingency Account-State, Employment Services Account-State)

7. Electronic Data Management - One-time funding is provided to build an electronic data management system to improve the collection, storage, and access of claimant and employer documents used regularly by the Department. The system will scan incoming documents (typically at a volume up to 37,016 per week), establish a bar code with routing information, and build an electronic delivery system. (Unemployment Compensation Administration Account-Federal)

8. Improve Initial UI Claim Process - One-time funding is provided for technology to collect information from unemployment insurance applicants using the key pad on their telephones, and providing that information to the claims taker at the beginning of the telephone interview. This will decrease the amount of time necessary for the initial claim telephone interview, while at the same time decreasing wait times for initial claim applicants. (Unemployment Compensation Administration Account-Federal)

9. UI Claimant Assistance - Funding is provided for 25 front-line staff to assist unemployment claimants in WorkSource offices state-wide. Half of the new staff will provide direct services to unemployment insurance (UI) claimants by helping them find employment, and half of the new staff will be enforcing work requirements by providing job search review. These new staff will enable the Department to retain UI claims-taking staff in their current positions while not sacrificing other employment and enforcement duties. (Unemployment Compensation Administration Account-Federal)

10. Manufacturing Advisory Partnership - Funding is provided to establish an advisory partnership on the Washington manufacturing sector. (Administrative Contingency Account-State)

11. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-Federal, General Fund-Local, Unemployment Compensation Administration Account-Federal, Administrative Contingency Account-State, Employment Services Account-State)

12. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-Federal, General Fund-Local, Unemployment Compensation Administration Account-Federal, Administrative Contingency Account-State, Employment Services Account-State)

13. Self-Insurance Premiums - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the Employment Security Department's self-insurance premium in the 2003-05 biennium. (General Fund-Federal, General Fund-Local, Unemployment Compensation Administration Account-Federal, Administrative Contingency Account-State, Employment Services Account-State)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Children and Family Services
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	2,292.8	465,657	846,800
2003-05 Carryforward Level	2,378.9	485,546	876,140
2003-05 Maintenance Level	2,378.9	490,905	912,482
Policy Changes:			
1. General Inflation	0.0	-548	-1,452
2. Homecare Worker Wage Increase	0.0	61	121
3. Pension Funding Change	0.0	-1,398	-1,816
4. Increase Funds for Foster Children	0.0	3,300	6,445
5. Reduce Special Projects	0.0	-500	-500
6. HOPE Bed Reimbursement Change	0.0	-259	-259
7. HB 1233 - Kinship Care	0.0	-1,380	-2,078
8. Preserve Youth Programs w/PSEA \$	0.0	-23,000	0
9. Adoption Support-Federal Tax Credit	0.0	-2,900	-2,900
10. Increase Licensed Resources	8.0	1,024	1,406
11. Additional Admin Reductions	-12.0	-1,371	-1,512
12. Crosswalk Program	0.0	100	100
Total Policy Changes	-4.0	-26,871	-2,445
Total 2003-05 Biennium	2,374.9	464,034	910,037
Difference from 2001-03	82.1	-1,623	63,237
% Change from 2001-03	3.6%	-0.3%	7.5%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal, General Fund-Local, Public Safety and Education Account-State, Violence Reduction and Drug Enforcement Account-State)

2. Homecare Worker Wage Increase - The Department of Social and Health Services contracts with home care workers to provide care for elderly and disabled Medicaid clients. Funding is provided to increase the wages of individual and agency home care workers effective October 1, 2003. As a result of these changes, wages for direct care workers employed by home care agencies will be increased by \$0.75 per hour. (General Fund-State, General Fund-Federal)

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal)

4. Increase Funds for Foster Children - Funding is provided for increased services for foster children. Some children in the state system have more complex needs and have been moved into higher levels of care, therefore resulting in higher costs. The Department will manage foster care placements within this level. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Children and Family Services

- 5. Reduce Special Projects** - Funding is reduced in the following Children's Administration special projects: (1) \$61,000 for the Health Insurance Portability and Accountability Act (HIPAA); (2) \$91,000 for staff development and training overhead costs; (3) \$41,000 for social worker training; (4) \$47,000 for the quality improvement team; and (5) \$260,000 in Indian Child Welfare services. These reductions total \$500,000 General Fund-State.
- 6. HOPE Bed Reimbursement Change** - Savings are realized by changing the reimbursement methodology for HOPE beds to a \$1,000 reimbursement rate per month per bed to each provider as a base payment, and the rest of the reimbursement paid only when the HOPE bed is occupied. This savings reflects the current 43 percent occupancy rate for 31 HOPE beds.
- 7. HB 1233 - Kinship Care** - Savings are realized from Chapter 284, Laws of 2003 (SHB 1233). The savings are a result of more children being placed with relatives than in traditional foster care. (General Fund-State, General Fund-Federal)
- 8. Preserve Youth Programs w/PSEA \$** - Public Safety and Education Account funding is provided to preserve programs that help youth and families in crisis. Programs that are preserved include Secure and Semi-Secure Crisis Residential Centers, HOPE Beds, the Family Policy Council and Community Public Health and Safety Networks, and the Street Youth Program. (General Fund-State, Public Safety and Education Account-State)
- 9. Adoption Support-Federal Tax Credit** - Congress has enacted a new federal tax credit for families adopting special needs children, including those in the foster care system. This adjustment is based on the estimated number of new adoption support cases with family incomes large enough to benefit from at least a portion of the new \$10,000 tax credit in the 2003-05 biennium. Families will receive the federal tax credit funds in lieu of state funds to provide for the children in their care.
- 10. Increase Licensed Resources** - Funding and FTEs are provided for the Foster Parent Training Initiative in response to the Braam lawsuit. (General Fund-State, General Fund-Federal)
- 11. Additional Admin Reductions** - Funding is reduced for program support and other administrative functions as recommended by the Governor's Priorities of Government initiative. (General Fund-State, General Fund-Federal)
- 12. Crosswalk Program** - Funding is provided for a high risk street youth program in Spokane.

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Juvenile Rehabilitation
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	1,223.6	165,644	234,239
2003-05 Carryforward Level	1,164.4	160,426	228,609
2003-05 Maintenance Level	1,172.9	160,120	226,702
Policy Changes:			
1. General Inflation	0.0	-500	-506
2. Consolidated Juvenile Services	0.0	-1,316	-1,316
3. Pension Funding Change	0.0	-820	-832
4. Juvenile Sentencing Alternatives	-12.2	-3,140	-3,328
5. Pymt. to Cos. for Disposition Alts.	0.0	1,183	1,183
6. Shift Becca Funds to Courts Admin	0.0	-7,132	-13,224
7. Research-Based Parole Adjustment	-24.0	-1,886	-2,515
8. Research-Based Treatment Services	2.0	943	943
9. Staff Reduc. & Oper. Efficiencies	-7.4	-660	-678
Total Policy Changes	-41.5	-13,328	-20,273
Total 2003-05 Biennium	1,131.4	146,792	206,429
Difference from 2001-03	-92.2	-18,852	-27,810
% Change from 2001-03	-7.6%	-11.4%	-11.9%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)

2. Consolidated Juvenile Services - Funding to local counties for the Consolidated Juvenile Services (CJS) contract is reduced. The CJS program is a partnership between the state, county juvenile courts, and the private sector. Funded programs provide services to pre-commitment juveniles, including diversion, probation supervision, individual and family services counseling, drug/alcohol assessment and treatment, vocational training, and psychiatric and psychological services.

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal)

4. Juvenile Sentencing Alternatives - In accordance with Chapter 378, Laws of 2003, Partial Veto (ESSB 5903), savings are achieved by: (1) restoring a disposition alternative that allows juvenile courts to suspend a standard range disposition involving confinement at the Juvenile Rehabilitation Administration for certain juvenile offenders, on the condition that the adjudicated youth comply with one or more local sanctions or treatment requirements; (2) implementing a Mental Health Disposition Alternative (MHDA) that allows juvenile courts to suspend a disposition of 15 to 65 weeks for juvenile offenders diagnosed with mental disorders; and (3) establishing a five-bed community commitment disposition alternative pilot project. Youth adjudicated under the MHDA would be required to participate in a mental health treatment program and be subject to community supervision and other local sanctions. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Juvenile Rehabilitation

5. Pymt. to Cos. for Disposition Alts. - Funding is provided to local juvenile courts to implement two new disposition alternatives and a five-bed community commitment disposition alternative pilot project established pursuant to Chapter 378, Laws of 2003, Partial Veto (ESSB 5903), and to deliver research-based intervention programs to juvenile offenders that would have normally been sentenced to secure placement in Juvenile Rehabilitation Administration (JRA) facilities. Payments to counties are estimated based upon projected reductions in the JRA residential population for the biennium. Actual reimbursements to the counties will depend on utilization of the disposition alternatives.

6. Shift Becca Funds to Courts Admin - Funding for the cost of juvenile court petitions filed under the "Becca" statutes, including truancy petitions, at-risk-youth, and child-in-need-of-services petitions, is transferred from the Juvenile Rehabilitation Administration (JRA) to the Office of the Administrator for the Courts (OAC). (General Fund-State, Public Safety and Education Account-State)

7. Research-Based Parole Adjustment - Funding is reduced for intensive parole consistent with the Washington State Institute for Public Policy's (WSIPP) 2002 findings on intensive parole services. Savings in the amount of \$1.9 million are achieved by increasing the size of intensive parole caseloads from 12 parolees to 20, the same level as for enhanced and sex offender parole. Recent WSIPP studies show intensive parole to be ineffective in reducing recidivism, and that it returns no benefits in crime reduction for every dollar spent. Of the total savings, \$943,000 is reinvested in research-based therapies proven to reduce recidivism (see below item). (General Fund-State, General Fund-Federal)

8. Research-Based Treatment Services - Half of the state general fund savings from adjusting parole caseloads above is redirected for research-based therapies for parolees and youth transitioning out of institutions, such as aggression replacement training (ART), mentoring, and functional family therapy (FFT). All of these programs have been shown to reduce recidivism by the Washington State Institute for Public Policy (WSIPP), and produce in excess of \$6 dollars in benefits in crime reduction for every dollar spent. This funding level will allow the extension of research-based therapies to paroled youth who do not currently receive them. The Juvenile Rehabilitation Administration shall invest some of the reprogramming in quality-control efforts, to ensure that research-based therapies are performed correctly, consistent with WSIPP findings that effective quality control is vital to positive outcomes. Additionally, up to \$55,000 in funds may be used to train additional staff in suicide precaution watches.

9. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Mental Health
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	3,054.7	598,681	1,165,178
2003-05 Carryforward Level	2,924.6	621,476	1,144,862
2003-05 Maintenance Level	3,075.0	682,475	1,229,943
Policy Changes:			
1. General Inflation	0.0	-732	-953
2. McNeil Transportation Needs	0.2	1,176	1,176
3. Enhanced Local Match Options	0.0	0	18,640
4. Pension Funding Change	0.0	-2,049	-2,286
5. Eliminate Community Inpatient Pool	0.0	1,800	-2,898
6. Limit Administrative Expenses	0.0	-2,920	-5,840
7. On-Island SCTF Changes	-10.7	-2,175	-2,175
8. Fund Off-Island SCTF	18.2	2,353	2,353
9. Increased Eligibility Verification	0.0	-2,131	-4,262
10. Children's Medical Premiums	0.0	-2,085	-4,170
11. Mental Health Adv. Directives	0.7	80	155
12. Children's Mental Health	0.5	21	43
13. Mentally Ill Offender Pilot	0.0	-902	0
14. Marr Settlement Funding	2.0	502	690
15. Staff Reduc. & Oper. Efficiencies	-8.0	-728	-770
Total Policy Changes	2.9	-7,790	-297
Total 2003-05 Biennium	3,077.9	674,685	1,229,646
Difference from 2001-03	23.2	76,004	64,468
% Change from 2001-03	0.8%	12.7%	5.5%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)

2. McNeil Transportation Needs - One-time funding is provided for the purchase of a used passenger vessel to support additional staffing at the Special Commitment Center on McNeil Island beginning in January 2004.

3. Enhanced Local Match Options - The Mental Health Division is authorized to increase Medicaid payment rates as needed in order for Regional Support Networks (RSNs) to maximize available federal reimbursement. The Department shall first provide the higher payment to those RSNs whose allocations under the funding formula would otherwise increase the least from the previous year's level in FY 2004 and FY 2005. To qualify for the higher payment, the RSN must use qualified local funds for the required non-federal share of the Medicaid payment. (General Fund-Federal)

4. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Mental Health

5. Eliminate Community Inpatient Pool - Funding for the community inpatient pool is eliminated. The inpatient pool was established in FY 2001 to assist communities maintain capacity to provide short-term psychiatric hospitalizations locally. (General Fund-State, Health Services Account-State)

6. Limit Administrative Expenses - Savings are achieved by limiting total administrative expenditures of the Regional Support Networks to 10 percent of total funding in FY 2005. (General Fund-State, General Fund-Federal)

7. On-Island SCTF Changes - Funding and staffing for the Secure Community Transition Facility (SCTF) is reduced as a result of: (1) removing the roving patrol car support provided by the Washington State Patrol; and (2) reducing the staffing ratio at the SCTF to one staff per three residents during normal waking hours, and one staff per four residents during normal sleeping hours.

8. Fund Off-Island SCTF - Consistent with direction from the federal court, funding is provided for the operational and staffing costs for the first phase of a Secure Community Transition Facility (SCTF) located off of McNeil Island that can house up to 12 residents. The funding level is based on expected occupancy by October 1, 2003, and a projected population of six residents by the end of the biennium. Staffing ratios for this facility will be one staff per resident during waking hours and two staff per three residents during sleeping hours.

9. Increased Eligibility Verification - As provided in the 2003 supplemental budget, the Department will increase efforts to assure that recipients of publicly-funded medical assistance meet applicable income, residency, and other eligibility requirements. Specific changes include: (1) verifying applicants' declared income through employer contacts and electronic records checks; (2) re-verifying eligibility at least every six months, rather than annually as was previously done for children's and family medical coverage; and (3) discontinuing coverage if subsequent income changes make the child ineligible for coverage, rather than continuing the coverage for a full year despite such changes as was previously done.

These changes are expected to result in approximately 4,800 (1.9 percent) fewer persons qualifying for publicly-funded medical assistance in FY 2004, and in approximately 19,000 (3.4 percent) fewer receiving such assistance in FY 2005. The FY 2004 savings are significantly lower because electronic eligibility system changes needed to implement the six-month eligibility changes cannot be implemented until January 2004.

In addition, these changes are expected to result in \$4.3 million (\$2.1 million state funds) of avoided expenditures in the Mental Health program. Additionally, 96 FTEs are funded in the Economic Services Administration to conduct the necessary eligibility reviews, at a cost of \$10.6 million (\$5.8 million state funds). The net state savings from this change are expected to total approximately \$23 million for the biennium. (General Fund-State, Health Services Account-State, General Fund-Federal)

10. Children's Medical Premiums - The Department is to obtain approval of a federal waiver under which families with incomes over the poverty level will be required to pay monthly premiums for their child's medical, dental, and vision coverage. Premiums are expected to total \$15 per child per month for families with income between 100-150 percent of poverty (\$1,300 - \$1,900 per month for a family of three); \$20 per child per month for families with incomes up to 200 percent of poverty (\$2,500 per month for a family of three); and \$25 per child per month for families with incomes between 200-250 percent of poverty (\$3,200 per month for a family of three). Premiums will be capped at three children per household.

Approximately \$3.0 million in state funds are included for administrative costs in the Economic Services Administration and the Office of Financial Recovery to accomplish the premium collections, and approximately \$2.1 million of reduced state expenditures will occur in the Mental Health program as a result of the reduction in the number of eligible children. (General Fund-State, General Fund-Federal)

11. Mental Health Adv. Directives - Funding is provided for training and case management activities associated with the implementation of Engrossed Substitute Senate Bill 5223 (mental health advance directives), which establishes procedures and requirements for a person with capacity to create a mental health advance directive. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Mental Health

12. Children's Mental Health - Funding is provided for the Mental Health Division to implement Second Substitute House Bill 1784 (children's mental health), which addresses the recommendations included in the Joint Legislative Audit and Review Committee's study on children's mental health services. (General Fund-State, General Fund-Federal)

13. Mentally Ill Offender Pilot - Federal block grant funding, rather than state funds, will be used to support the Mentally Ill Offender Pilot Program that provides special services to assist approximately 25 mentally ill individuals released from a Department of Corrections facility to successfully transition back into the community. (General Fund-State, General Fund-Federal)

14. Marr Settlement Funding - Funding is provided for Eastern State Hospital to provide additional specialized care, combining both habilitation and mental health treatment components, for persons with developmental disabilities who require the level and intensity of psychiatric care best provided by the state hospital. Funding will support additional FTEs, staff training, facility alteration and court monitors as provided in the final Marr settlement. (General Fund-State, General Fund-Federal)

15. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Developmental Disabilities
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	3,425.9	635,348	1,217,934
2003-05 Carryforward Level	3,336.7	664,292	1,261,644
2003-05 Maintenance Level	3,398.4	680,196	1,295,837
Policy Changes:			
1. General Inflation	0.0	-595	-1,327
2. Homecare Worker Wage Increase	0.0	8,935	17,287
3. Pension Funding Change	0.0	-1,137	-2,147
4. Community Residential	0.0	1,294	2,519
5. Raise Level of Care Standard	-1.2	-588	-1,479
6. Reduce Funding for the ARC Lawsuit	0.0	-9,941	-19,806
7. MPC Adjustment	0.0	-1,626	-3,252
8. Marr Settlement Funding	3.5	453	731
9. Community Protection Placements	0.0	1,127	2,200
10. RHC Consolidation	5.0	1,580	3,160
11. Staff Reduc. & Oper. Efficiencies	-18.0	-1,136	-1,984
Total Policy Changes	-10.7	-1,634	-4,098
Total 2003-05 Biennium	3,387.7	678,562	1,291,739
Difference from 2001-03	-38.2	43,214	73,805
% Change from 2001-03	-1.1%	6.8%	6.1%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)

2. Homecare Worker Wage Increase - The Department of Social and Health Services contracts with home care workers to provide care for elderly and disabled Medicaid clients. Funding is provided to increase the wages of individual and agency home care workers effective October 1, 2003. As a result of these changes, wages for direct care workers employed by home care agencies will be increased by \$0.75 per hour. (General Fund-State, General Fund-Federal)

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal)

4. Community Residential - Funding is provided for community residential placements and support services for up to 14 clients in FY 2004. Priority consideration for these placements shall be as follows: (1) clients without residential services who are in crisis or immediate risk of needing an institutional placement; and (2) residents of residential habilitation centers who are able to be adequately cared for in community settings and who choose to live in those settings. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Developmental Disabilities

5. Raise Level of Care Standard - Currently, elderly persons, disabled adults, and children may qualify for Medicaid by meeting certain functional and financial eligibility requirements. Generally, clients receiving publicly financed care in home and community-based settings may qualify for such services through a home and community-based services waiver or through the Medicaid Personal Care (MPC) program. Currently, a person is eligible for MPC if they require minimal assistance with one activity of daily living (e.g., eating, bathing, toileting, ambulation, medication assistance, etc.). Savings are achieved by raising the functional eligibility requirement for MPC to assistance with three activities of daily living, thus eliminating services for those clients who require minimal assistance with one or two activities of daily living. (General Fund-State, General Fund-Federal)

6. Reduce Funding for the ARC Lawsuit - In December 2002, the court denied ARC's and the Department of Social and Health Service's joint motion for preliminary approval of a settlement regarding developmental disability services. However, the 2003-05 budgeted carry-forward level still includes \$26.2 million state general fund (\$39.2 million total funds) associated with the bow-wave of the original FY 2002 funding level. Consistent with the 2003 supplemental budget, funding for the residential services component is reduced from \$11.5 million state general fund to \$2.4 million state general fund. (General Fund-State, General Fund-Federal)

7. MPC Adjustment - Following the adoption of the February 2003 forecast for Medicaid Personal Care (MPC) program in the Division of Developmental Disabilities, new information was provided which explains a recent decline in the growth observed for children receiving MPC. In deliberations prior to receipt of this information, the declining trend was discounted as a one-time occurrence. New information shows that only a portion of the declining trend is expected to be one-time and the remainder is the result of a freeze on enrollment in the Community Alternative Program (CAP) waiver. Savings reflect lower MPC expenditures as a result of an adjustment to the forecast that accounts for the impact of the enrollment freeze on the projected caseload and continued efforts by the Division to ensure that children receiving MPC services meet eligibility criteria. (General Fund-State, General Fund-Federal)

8. Marr Settlement Funding - Funding is provided for a full-time psychologist, two intensive case managers, and one part-time case resource manager, to provide the necessary supports to individuals who require both habilitation and mental health treatment as provided in the Marr settlement agreement. (General Fund-State, General Fund-Federal)

9. Community Protection Placements - Funding is provided for expanded community services for 11 persons with developmental disabilities who are being diverted or discharged from state psychiatric hospitals. (General Fund-State, General Fund-Federal)

10. RHC Consolidation - The Department shall consolidate vacancies across all Residential Habilitation Centers (RHCs) in order to downsize Fircrest School. Funding is provided in the Developmental Disabilities budget for community services for residents of RHCs who choose to move to community placements. Funding is also provided in the DSHS Administration budget to support the transition of residents to other RHCs. (General Fund-State, General Fund-Federal)

11. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Long-Term Care
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	1,069.3	1,022,487	2,094,619
2003-05 Carryforward Level	1,071.4	1,030,634	2,120,058
2003-05 Maintenance Level	1,142.6	1,073,827	2,206,396
Policy Changes:			
1. General Inflation	0.0	-306	-678
2. Homecare Worker Wage Increase	0.0	22,578	44,870
3. Pension Funding Change	0.0	-496	-983
4. Supplemental Nursing Home Payments	0.0	-100	-100
5. Limit Waiver Enrollment Growth	0.0	-5,195	-10,390
6. Spousal Resource Limits	11.2	-4,934	-9,868
7. Raise Level of Care Standard	0.0	-1,500	-3,664
8. Senior Drug Information	0.0	325	325
9. Nursing Home Quality Maintenance	0.0	45,861	91,722
10. Review Elderly DD Clients	3.0	236	472
11. Additional Admin Reductions	-6.2	-650	-1,133
12. Staff Reduc. & Oper. Efficiencies	-28.4	-1,332	-2,612
Total Policy Changes	-20.5	54,487	107,961
Total 2003-05 Biennium	1,122.2	1,128,314	2,314,357
Difference from 2001-03	52.9	105,827	219,738
% Change from 2001-03	5.0%	10.3%	10.5%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal, General Fund-Local)

2. Homecare Worker Wage Increase - The Department of Social and Health Services contracts with home care workers to provide care for elderly and disabled Medicaid clients. Funding is provided to increase the wages of individual and agency home care workers effective October 1, 2003. As a result of these changes, wages for direct care workers employed by home care agencies will be increased by \$0.75 per hour. (General Fund-State, General Fund-Federal)

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal)

4. Supplemental Nursing Home Payments - Funding for special supplemental payments to nursing facilities meeting certain criteria are eliminated. The circumstances warranting the special supplemental payments have changed.

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Long-Term Care

5. Limit Waiver Enrollment Growth - The Department of Social and Health Services is directed to limit growth in the number of persons receiving community-based care through the "COPES" waiver program to 1.1 percent per year, which is the projected growth in the total state population aged 75 and older. This will allow an average of about 24,375 people to receive such services during the 2003-05 biennium. That is 1,000 more people than are receiving such services during the current year, but approximately 700 fewer than would be served if the program continued to grow without limits. To manage within these enrollment limits, the Department may need to establish waiting lists for services, as is done in most other states. If waiting lists are established, the Department is directed to prioritize access to service for persons with the greatest care needs, and who are at greatest risk of requiring nursing home or other out-of-home placement, rather than date of application.

In addition to the avoided expenditure growth shown here, this change is expected to result in approximately \$5.4 million (\$2.7 million state) of avoided expenditure increases in the Medical Assistance program. (General Fund-State, General Fund-Federal)

6. Spousal Resource Limits - The federal Social Security Act requires states to disregard a portion of the income and assets of the spouses of nursing home residents receiving Medicaid services and of nursing home-eligible persons receiving Medicaid services through a Community Options Program Entry System (COPES) waiver.

When one member of a couple receives medical assistance, the total value of all resources belonging to either spouse is computed to determine whether a spouse receiving long-term care services in a nursing facility or in the community meets the state resource standard for Medicaid. Half of the total is attributed to each spouse. The couple's home, household goods, automobile, and burial funds are disregarded when estimating the couple's combined resources. In accordance with federal requirements, the spouse not receiving long-term care services must be allowed to retain at least \$18,132 and not more than \$90,660 in liquid assets. States are authorized to set the level of protection higher than the federal minimum, but not more than the federal maximum.

In accordance with Substitute House Bill 2257 (medical assistance), savings are achieved by reducing the state level of protection from \$90,660 to \$40,000 in liquid assets. Lowering the resource standard will result in couples having to "spend down" to the \$40,000 level prior to receiving Medicaid services. Persons already receiving publicly-funded care will be exempted from the new asset limitation. Additionally, funding is provided to the Department of Social and Health Services for additional workload associated with spousal share and eligibility determinations. (General Fund-State, General Fund-Federal)

7. Raise Level of Care Standard - Currently, elderly and disabled persons may qualify for Medicaid by meeting certain functional and financial eligibility requirements. Generally, clients receiving publicly-financed care in home and community-based settings may qualify for such services through a home and community-based services waiver or through the Medicaid Personal Care (MPC) program. A person qualifies for MPC if they need minimal assistance with one activity of daily living (e.g., eating, bathing, toileting, ambulation, medication assistance, etc.).

Savings are achieved by raising functional eligibility requirements for MPC and eliminating services for clients needing minimal assistance with one or two activities of daily living. Persons currently receiving care in community residential settings who do not meet the higher eligibility standard will continue to be served, without the benefit of federal matching funds, but no new applicants with such lower levels of care will be admitted to residential care. (General Fund-State, General Fund-Federal)

8. Senior Drug Information - Funding is provided for Area Agencies on Aging to receive grants of up to \$25,000 to organize and conduct informational programs to help senior citizens learn more about the safe and effective use of prescription drugs, and how to access discount drug purchasing programs for which they may be eligible.

9. Nursing Home Quality Maintenance - As provided in Second Substitute Senate Bill 5341 (nursing facility fee), a fee of \$6.50 per day shall be applied to most days of nursing home care. This fee will support a 3.0 percent increase in noncapital payment rates effective July 1, 2003, to help maintain the quality of nursing home care in the state. Additionally, nursing facilities will be reimbursed for the Medicaid portion of the fee. With these increases, the weighted average nursing home payment is expected to be \$144.54 per patient day in FY 2004 and \$147.43 per patient day in FY 2005, a 6.1 percent average annual increase over the FY 2003 level of \$131.57 per patient day. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Long-Term Care

10. Review Elderly DD Clients - Funding is provided for the Home and Community Services Division to annually assess each elderly resident residing in residential habilitation centers and state-operated living alternatives to determine if the resident can be more appropriately served in a less restrictive setting. The assessment will take into consideration the special needs of the resident, the types of services that will best meet those needs, and the type of facility that will best provide those services. Consideration will also be given to the proximity of the resident to their family, friends, and advocates concerned with the resident's well-being in determining whether the resident should be moved to a different facility or program. (General Fund-State, General Fund-Federal)

11. Additional Admin Reductions - Administrative funding is reduced by \$1.1 million and 6.2 FTEs under the assumption that the Department will implement operational efficiencies. (General Fund-State, General Fund-Federal)

12. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Economic Services Administration
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	4,777.5	847,787	2,236,624
2003-05 Carryforward Level	4,631.9	808,058	2,201,644
2003-05 Maintenance Level	4,651.4	830,864	2,078,385
Policy Changes:			
1. General Inflation	0.0	-2,275	-6,141
2. County Legal-Clerk Reimbursement	0.0	0	9,142
3. Pension Funding Change	0.0	-3,250	-3,621
4. Administrative Reduction	-65.8	-3,062	-7,162
5. Shift GA-U Proof of Disability	0.0	-6,637	-6,637
6. Increased Eligibility Verification	74.5	4,770	8,672
7. Children's Medical Premiums	18.6	2,007	3,583
8. Staff Reduc. & Oper. Efficiencies	-174.9	-6,870	-17,036
Total Policy Changes	-147.6	-15,317	-19,200
Total 2003-05 Biennium	4,503.8	815,547	2,059,185
Difference from 2001-03	-273.7	-32,240	-177,439
% Change from 2001-03	-5.7%	-3.8%	-7.9%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal, General Fund-Local)

2. County Legal-Clerk Reimbursement - Federal funding is provided for a new reimbursement methodology for county clerks who file child support orders for the state. (General Fund-Federal)

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal)

4. Administrative Reduction - Four percent administrative reductions are taken in the following areas within the Economic Services Administration: (1) the client eligibility system (ACES); (2) the child support program; and (3) administrative program support. (General Fund-State, General Fund-Federal)

5. Shift GA-U Proof of Disability - Savings are achieved by implementing legislation that requires the Department of Social and Health Services to discontinue benefits for General Assistance-Unemployable (GA-U) clients unless the client demonstrates that their medical or mental condition has not improved, and they therefore still need a GA-U cash grant and medical benefits.

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Economic Services Administration

6. Increased Eligibility Verification - Additional funding is provided for the Department to: 1) increase and improve efforts to verify that children and pregnant women are in fact eligible for the medical assistance services they receive; and 2) review their continued eligibility for medical assistance services every six months, rather than annually as presently occurs. Improved income verification was implemented April 1, 2003 and included review of recipient documentation and employer contacts to verify that the income declared by applicants and recipients is accurate. These efforts are supplemented by electronic records checks that will be in place by July 1, 2003. The six-month rather than annual review of continued eligibility is to be implemented no later than November 2003. The Department is to have in place all computer changes, administrative rules and procedures, and staffing arrangements as required to timely implement the six-month eligibility reviews by November 2003. (General Fund-State, General Fund-Federal)

7. Children's Medical Premiums - The Department is to obtain approval of a federal waiver under which families with incomes over the poverty level will be required to pay monthly premiums for their child's medical, dental, and vision coverage. Premiums are expected to total \$15 per child per month for families with income between 100-150 percent of poverty (\$1,300 - \$1,900 per month for a family of three); \$20 per child per month for families with incomes up to 200 percent of poverty (\$2,500 per month for a family of three); and \$25 per child per month for families with incomes between 200-250 percent of poverty (\$3,200 per month for a family of three). Premiums will be capped at three children per household.

Approximately \$3.0 million in state funds are included for administrative costs in the Economic Services Administration and the Office of Financial Recovery to accomplish the premium collections, and approximately \$2.1 million of reduced expenditures will occur in the Mental Health program as a result of the reduction in the number of eligible children. (General Fund-State, General Fund-Federal)

8. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Alcohol & Substance Abuse
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	105.5	73,224	231,259
2003-05 Carryforward Level	102.9	74,358	231,532
2003-05 Maintenance Level	102.9	73,747	231,115
Policy Changes:			
1. General Inflation	0.0	-186	-388
2. Pension Funding Change	0.0	-76	-86
3. Reduce TASC	0.0	0	-4,648
4. Fund shifts (PSEA, VRDE & GF-S)	0.0	9,700	0
5. Reduce Svcs to Gravely Disabled	0.0	-2,000	-2,000
6. New Svcs for Offenders	0.0	0	8,950
7. Reduce DASA Headquarters	-1.9	-209	-209
8. Staff Reduc. & Oper. Efficiencies	-3.5	-336	-380
Total Policy Changes	-5.4	6,893	1,239
Total 2003-05 Biennium	97.6	80,640	232,354
Difference from 2001-03	-7.9	7,416	1,095
% Change from 2001-03	-7.5%	10.1%	0.5%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal, General Fund-Local)

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal)

3. Reduce TASC - Funding is reduced for the Treatment Accountability for Safe Communities (TASC) program. The Department shall allocate the reduction on a prorata basis to all TASC counties and continue budget policy adopted in the 2001-03 biennial budget to integrate TASC funding with drug court funding. (Public Safety and Education Account-State)

4. Fund shifts (PSEA, VRDE & GF-S) - Funds are shifted between accounts to balance the Violence Reduction and Drug Enforcement Account and to reflect more accurate allocations of federal funds. (General Fund-State, General Fund-Federal, Public Safety and Education Account-State, Violence Reduction and Drug Enforcement Account-State)

5. Reduce Svcs to Gravely Disabled - Treatment services for gravely disabled individuals are reduced. Gravely disabled individuals are people in danger of serious physical harm resulting from a failure to provide for their essential human needs of health or safety which manifests in severe deterioration in routine functioning, or who are high utilizers of treatment services and other resources.

6. New Svcs for Offenders - Funding is provided for substance abuse treatment services for persons convicted of crimes. (Criminal Justice Treatment Account-State)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Alcohol & Substance Abuse

7. Reduce DASA Headquarters - The headquarters budget for the Division of Alcohol and Substance Abuse is reduced by \$209,000 and 1.9 FTEs. The program will implement operating efficiencies.

8. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Medical Assistance Payments
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	936.1	2,206,555	7,153,805
2003-05 Carryforward Level	943.9	2,249,280	6,041,052
2003-05 Maintenance Level	987.4	2,728,265	7,594,061
Policy Changes:			
1. Additional Newborn Screening Tests	0.0	424	848
2. Transfer AIDS Insurance Program	0.0	-6,798	-6,798
3. Consolidated Drug Purchasing	9.0	-24,200	-46,540
4. General Inflation	0.0	-388	-1,173
5. DME Efficiencies	0.0	-2,000	-4,000
6. Pension Funding Change	0.0	-343	-700
7. Eliminate Community Inpatient Pool	0.0	-2,248	2,248
8. Limit Waiver Enrollment Growth	0.0	-2,745	-5,490
9. Spousal Resource Limits	0.0	-1,000	-2,000
10. Shift GA-U Proof of Disability	0.0	-7,069	-7,069
11. State Savings from MI Elimination	0.0	-105,086	-85,745
12. Increase Rural Hospital Grants	0.0	0	6,200
13. Increase Other Hospital Grants	0.0	-32,000	52,160
14. Adult Dental Services	0.0	-11,725	-22,726
15. Adult Vision Services	0.0	-117	-234
16. Medical Equipment Co-Pay	0.0	-768	-1,536
17. Managed Care Rate Increases	0.0	-24,926	-101,797
18. Increased Eligibility Verification	14.0	-12,151	-51,184
19. Children's Medical Premiums	0.0	0	-67,038
20. Immigrant Pre-Natal Care	0.0	-37,753	0
21. Medicaid Integration Project	0.0	-6,335	-12,670
22. Transfer Trauma Funding	0.0	0	19,800
23. Staff Reduc. & Oper. Efficiencies	-35.6	-840	-1,714
Total Policy Changes	-12.6	-278,068	-337,158
Total 2003-05 Biennium	974.8	2,450,197	7,256,903
Difference from 2001-03	38.7	243,642	103,098
% Change from 2001-03	4.2%	11.0%	1.4%

Comments:

1. Additional Newborn Screening Tests - The State Board of Health has recommended that all newborns be screened by the state public health laboratory for five additional disorders which can cause mental or motor retardation, blindness, hearing loss, physical abnormalities, and/or death if undetected. Testing for the five disorders will result in an estimated \$20.50 (50 percent) increase in the fee charged for newborn screenings. This item represents the share of that cost borne by the state's Medical Assistance program, which pays for 43 percent of all births in the state. (General Fund-State, General Fund-Federal)

2. Transfer AIDS Insurance Program - Administrative responsibility for the Evergreen Health Insurance Program (EHIP), which pays for insurance coverage for persons with AIDS who are not eligible for Medicaid, is transferred from the Department of Social and Health Services to the Department of Health. This will consolidate management and budgetary responsibility for all non-Medicaid services for persons with HIV disease into a single agency.

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Medical Assistance Payments

3. Consolidated Drug Purchasing - The Medical Assistance Administration, the Health Care Authority, and the Department of Labor and Industries will consolidate their drug purchasing by jointly developing a list of drugs in each of at least 16 therapeutic classes which will be prioritized for state-agency purchase. The prioritized list will be developed by a statewide pharmacy and therapeutics committee, consisting of nine professional members, based upon safety, efficacy, and cost. This will reduce the rate of growth in state drug expenditures by prioritizing purchase of less costly safe and effective brands, and by creating a financial incentive for manufacturers of more expensive brands to provide price discounts. Drugs not on the preferred list are expected to be authorized approximately one-third of the time, in order to assure recipients have access to drugs best-suited to their particular medical condition. (General Fund-State, General Fund-Federal)

4. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal, Health Services Account-State)

5. DME Efficiencies - Savings are achieved by implementing a combination of cost containment and utilization strategies sufficient to reduce General Fund State costs for durable medical equipment and supplies in FY 2005 by approximately 5 percent below the level projected for FY 2005 in the February 2003 forecast. In designing strategies, the primary strategy considered shall be selective or direct contracting with durable medical equipment and supply vendors or manufacturers. (General Fund-State, General Fund-Federal)

6. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal)

7. Eliminate Community Inpatient Pool - Funding for the community inpatient pool is eliminated. The inpatient pool was established in FY 2001 to assist communities maintain capacity to provide short-term psychiatric hospitalizations locally. (General Fund-State, General Fund-Local, General Fund-Federal)

8. Limit Waiver Enrollment Growth - The Department of Social and Health Services is directed to establish waiting lists to the extent necessary to limit growth in the "COPES" long-term care waiver to 1.1 percent per year. This is expected to result in an average of 720 fewer elderly and disabled persons per year qualifying for publicly-funded medical assistance services. (General Fund-State, General Fund-Federal)

9. Spousal Resource Limits - Savings are achieved by the Aging and Disability Services Administration reducing the amount of cash, savings, and other liquid assets which a couple may retain and still qualify for publicly-funded long-term care. This is expected to result in approximately 300 fewer persons per month qualifying for Medicaid coverage for their acute and long-term care costs. (General Fund-State, General Fund-Federal)

10. Shift GA-U Proof of Disability - Savings are achieved by implementing legislation that requires the Department of Social and Health Services to discontinue benefits for General Assistance-Unemployable (GA-U) clients unless the client demonstrates that their medical or mental condition has not improved, and they therefore still need a GA-U cash grant and medical benefits.

11. State Savings from MI Elimination - The Medically Indigent program is eliminated. The program provided partial compensation to hospitals and physicians for emergency care delivered to low-income, uninsured persons and operated as an open-ended, fully state-funded entitlement. (General Fund-State, General Fund-Local, General Fund-Federal)

12. Increase Rural Hospital Grants - To mitigate the effect of the elimination of the Medically Indigent program, grant payments to rural hospitals are increased by \$3.1 million total funds per year. In determining the distribution of grants to rural hospitals, the Department is directed to adopt a new formula for allocating funds under the program, so that hospitals which are operating at a loss, or with a relatively small net positive margin, are allocated more of the available revenue than are more profitable hospitals. (Health Services Account-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Medical Assistance Payments

13. Increase Other Hospital Grants - To mitigate the effect of the elimination of the Medically Indigent program, grant payments to non-rural hospitals are increased by \$26.1 million total funds per year. In determining the distribution of grants to hospitals, the Department is directed to adopt a new formula for allocating funds under the program, so that hospitals which are operating at a loss, or with a relatively small net positive margin, are allocated more of the available revenue than are more profitable hospitals. In order to align programs with revenue sources, the budget also replaces the General Fund-State funding for the original program with Health Services Account funds. (General Fund-State, Health Services Account-State, General Fund-Federal)

14. Adult Dental Services - As an alternative to eliminating non-emergency dental services for adults, the Department is directed to reduce the scope of benefits provided by approximately 25 percent. In developing a new benefit, the Department is directed to work with dental providers and recipient representatives to select the highest priority procedures to include in the reduced benefit. (General Fund-State, General Fund-Federal)

15. Adult Vision Services - As an alternative to eliminating optical services and eyeglasses for adults, the budget requires recipients to make a \$2 co-pay for adult optical services and equipment costing \$25 - \$50, and a \$3 co-pay for those costing more than \$50. These are the maximum co-pays allowed by federal Medicaid rules. (General Fund-State, General Fund-Federal)

16. Medical Equipment Co-Pay - Savings are achieved by requiring Medicaid recipients to make a \$2 co-pay for medical supplies and equipment costing \$25 - \$50, and a \$3 co-pay for supplies and equipment costing more than \$50. These amounts are the maximum co-pays allowed by federal Medicaid rules. (General Fund-State, General Fund-Federal)

17. Managed Care Rate Increases - Funding is provided to increase managed care payment rates by 1.5 percent in CY 2004 and 5.0 percent in CY 2005. (General Fund-State, General Fund-Federal)

18. Increased Eligibility Verification - As provided in the 2003 supplemental budget, the Department will increase efforts to assure that recipients of publicly-funded medical assistance meet applicable income, residency, and other eligibility requirements. Specific changes include: (1) verifying applicants' declared income through employer contacts and electronic records checks; (2) re-verifying eligibility at least every six months, rather than annually as was previously done for children's and family medical coverage; and (3) discontinuing coverage if subsequent income changes make the child ineligible for coverage, rather than continuing the coverage for a full year despite such changes as was previously done.

These changes are expected to result in approximately 4,800 (1.9 percent) fewer persons qualifying for publicly-funded medical assistance in FY 2004, and in approximately 19,000 (3.4 percent) fewer receiving such assistance in FY 2005. The FY 2004 savings are significantly lower because electronic eligibility system changes needed to implement the six-month eligibility changes cannot be implemented until January 2004.

In addition, these changes are expected to result in \$4.3 million (\$2.1 million state funds) of avoided expenditures in the Mental Health program. Additionally, 96 FTEs are funded in the Economic Services Administration to conduct the necessary eligibility reviews, at a cost of \$10.6 million (\$5.8 million state funds). The net state savings from this change are expected to total approximately \$23 million for the biennium. (General Fund-State, Health Services Account-State, General Fund-Federal)

19. Children's Medical Premiums - The Department is to obtain approval of a federal waiver under which families with incomes over the poverty level will be required to pay monthly premiums for their child's medical, dental, and vision coverage. Premiums are expected to total \$15 per child per month for families with income between 100-150 percent of poverty (\$1,300 - \$1,900 per month for a family of three); \$20 per child per month for families with incomes up to 200 percent of poverty (\$2,500 per month for a family of three); and \$25 per child per month for families with incomes between 200-250 percent of poverty (\$3,200 per month for a family of three). Premiums will be capped at three children per household.

Approximately \$3.0 million in state funds are included for administrative costs in the Economic Services Administration and the Office of Financial Recovery to accomplish the premium collections, and approximately \$2.1 million of reduced state expenditures will occur in the Mental Health program as a result of the reduction in the number of eligible children. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Medical Assistance Payments

20. Immigrant Pre-Natal Care - Washington is one of 12 states which use state funds to provide prenatal coverage for low-income women who are not eligible for Medicaid because of their immigration status. Savings are achieved as a result of new federal regulations under which the state expects to cover approximately 65 percent of the cost of such care with federal Children's Health Insurance Program (CHIP) funds. The Department is directed to obtain all available federal funding, and to implement additional cost-control measures, to the extent necessary to limit total state expenditures for this coverage to \$20.8 million for the biennium. (General Fund-State, General Fund-Federal)

21. Medicaid Integration Project - The Department of Social and Health Services plans to contract with a specialty organization to provide medical care to interested nursing home residents. Based upon similar efforts conducted on a limited basis in other states, the Department anticipates that total state hospitalization expenditures for nursing home residents can be reduced by 20 percent, and drug expenditures by 10 percent, through increased access to specialized care. The extent to which savings are actually occurring will begin to be known approximately one year after initial implementation. The Department also plans to seek a waiver arrangement with the federal government, so that the state may share in the substantial hospitalization savings which will accrue to the federal Medicare program if this state effort is successful. (General Fund-State, General Fund-Federal)

22. Transfer Trauma Funding - Emergency Medical Services and Trauma Account revenues previously appropriated to the Department of Social and Health Services (DSHS) are partially transferred to the Department of Health. Funds appropriated to the Department of Health will be distributed among hospitals and other trauma services through fixed grants and contracts. Funds appropriated to the DSHS will be used to provide increased reimbursement for trauma-related services under the regular federal Medicaid program. The DSHS is directed to implement a system to assure that state expenditures for increased reimbursement do not exceed the amount appropriated from the Emergency Medical Services and Trauma Account, and do not include federal disproportionate share hospital funding not specifically appropriated for this purpose. The previous system of attempting to distribute such funding through add-ons to the standard Medicaid fee-for-service payment rates in order to generate federal matching funds resulted in over-expenditures of \$3.8 million in FY 2000; \$13 million in FY 2001, and an additional \$11 million through the first ten months of FY 2002. Those over-expenditures had to be paid by the state general fund, rather than by the special-purpose trauma fund. (Emergency Medical Systems and Trauma Account-State)

23. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Vocational Rehabilitation
 (Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	337.1	21,486	104,086
2003-05 Carryforward Level	337.1	19,406	102,912
2003-05 Maintenance Level	337.1	19,815	100,440
Policy Changes:			
1. General Inflation	0.0	-48	-335
2. Pension Funding Change	0.0	-247	-247
3. Increase Work Opportunities	7.5	862	6,767
Total Policy Changes	7.5	567	6,185
Total 2003-05 Biennium	344.6	20,382	106,625
Difference from 2001-03	7.5	-1,104	2,539
% Change from 2001-03	2.4%	-5.1%	2.4%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

3. Increase Work Opportunities - Funding is provided to capture all available federal basic support grant funds from the United States Department of Education Rehabilitation Services Administration. The basic support grant is a lidded formula grant with annual adjustments based on per capita income and population. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Administration/Support Svcs
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	684.2	54,595	103,163
2003-05 Carryforward Level	664.4	44,810	87,770
2003-05 Maintenance Level	628.9	54,312	100,732
Policy Changes:			
1. General Inflation	0.0	-132	-611
2. Pension Funding Change	0.0	-482	-640
3. Children's Medical Premiums	7.5	945	1,891
4. Required SSP Funding	0.0	10,000	10,000
5. RHC Consolidation	0.0	1,236	2,472
6. Reduce Admin & Support Services	-21.3	-2,181	-3,116
7. SSP Coordination	2.0	240	320
8. HIPAA Standard Transactions	4.0	200	400
9. Staff Reduc. & Oper. Efficiencies	-25.0	-2,244	-2,992
Total Policy Changes	-32.8	7,582	7,724
Total 2003-05 Biennium	596.2	61,894	108,456
Difference from 2001-03	-88.0	7,299	5,293
% Change from 2001-03	-12.9%	13.4%	5.1%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

This reduction in DSHS central administration includes the savings associated with the Information Services Division FTEs. The Department shall identify which programs should receive what portion of this reduction as part of their 2004 supplemental budget request. (General Fund-State, General Fund-Federal)

3. Children's Medical Premiums - The Department is to obtain approval of a federal waiver under which families with incomes over the poverty level will be required to pay monthly premiums for their child's medical, dental, and vision coverage. Premiums are expected to total \$15 per child per month for families with income between 100-150 percent of poverty (\$1,300 - \$1,900 per month for a family of three); \$20 per child per month for families with incomes up to 200 percent of poverty (\$2,500 per month for a family of three); and \$25 per child per month for families with incomes between 200-250 percent of poverty (\$3,200 per month for a family of three). Premiums will be capped at three children per household.

Approximately \$3.0 million in state funds are included for administrative costs in the Economic Services Administration and the Office of Financial Recovery to accomplish the premium collections, and approximately \$2.1 million of reduced expenditures will occur in the Mental Health program as a result of the reduction in the number of eligible children. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Administration/Support Svcs

4. Required SSP Funding - Funding is provided for one-time expenditures needed to meet the federally required level for Supplemental Security Income (SSI) State Supplemental Payments (SSP). The Department may transfer a portion of this amount to other programs within the agency to accomplish this purpose. Once a final plan for meeting the SSP requirement is developed, the Department shall place in unallotted status the amount of this appropriation that is not needed to meet the requirement.

5. RHC Consolidation - The Department shall consolidate vacancies across all Residential Habilitation Centers (RHCs) in order to downsize Fircrest School. Funding is provided in the Developmental Disabilities budget for community services for residents of RHCs who choose to move to community placements. Funding is also provided in the DSHS Administration budget to support the transition of residents to other RHCs. (General Fund-State, General Fund-Federal)

6. Reduce Admin & Support Services - Administrative funding is reduced by 4 percent. (General Fund-State, General Fund-Federal)

7. SSP Coordination - Funding is provided for agency-wide coordination of Supplemental Security Income State Supplemental Payments. (General Fund-State, General Fund-Federal)

8. HIPAA Standard Transactions - Funding is provided to implement standards for electronic transactions to comply with the Health Insurance Portability and Accountability Act (HIPAA). Funding provided within the Administration and Supporting Services program is for any required changes in central agency reporting functions that must be done as a result of changes in the Medicaid Management Information System (MMIS). Funding is not provided for major changes to DSHS payment systems beyond MMIS. Funding for changes to MMIS is provided within the Medical Assistance Administration. (General Fund-State, General Fund-Federal)

9. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Payments to Other Agencies
 (Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	86,106	112,771
2003-05 Carryforward Level	0.0	84,938	111,150
2003-05 Maintenance Level	0.0	85,508	111,954
Policy Changes:			
1. General Inflation	0.0	-72	-84
2. Revolving Funds	0.0	-1,414	-2,050
3. Self-Insurance Premiums	0.0	0	16,196
Total Policy Changes	0.0	-1,486	14,062
Total 2003-05 Biennium	0.0	84,022	126,016
Difference from 2001-03	0.0	-2,084	13,245
% Change from 2001-03	0.0%	-2.4%	11.7%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)

2. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, General Fund-Federal)

3. Self-Insurance Premiums - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the agency's self-insurance premium in the 2003-05 Biennium. (General Fund-Federal)

2003-05 Omnibus Operating Budget
Dept of Social and Health Services
Information System Services
 (Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	161.2	0	0
2003-05 Carryforward Level	161.2	0	0
2003-05 Maintenance Level	161.2	0	0
Policy Changes:			
1. Information System Svc Div (ISSD)	-4.1	0	0
2. Staff Reduc. & Oper. Efficiencies	-5.8	0	0
Total Policy Changes	-9.9	0	0
Total 2003-05 Biennium	151.4	0	0
Difference from 2001-03	-9.8	0	0
% Change from 2001-03	-6.2%	0.0%	0.0%

Comments:

1. Information System Svc Div (ISSD) - The Information System Services Division is the Department's primary center for information technology (IT) services including: formulating agency IT policy; facilitating the agency's IT standards, guidelines, and best practices; maintaining a portfolio of IT projects used in strategic agency priority setting; and oversight reporting to the Information Services Board. Four FTE staff years are eliminated as part of the Department of Social and Health Services' administrative staff reduction proposal.

2. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
Columbia River Gorge Commission
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	9.8	791	1,550
2003-05 Carryforward Level	9.8	776	1,534
2003-05 Maintenance Level	9.8	768	1,511
Policy Changes:			
1. Lease Rate Adjustments	0.0	15	30
2. General Inflation	0.0	-3	-6
3. Refocus on Core Activities	-1.3	-100	-200
4. Pension Funding Change	0.0	-4	-8
5. NSA Management Plan	0.0	10	20
6. Revolving Funds	0.0	6	12
7. Staff Reduc. & Oper. Efficiencies	-0.1	-8	-12
Total Policy Changes	-1.4	-84	-164
Total 2003-05 Biennium	8.5	684	1,347
Difference from 2001-03	-1.3	-107	-203
% Change from 2001-03	-20.0%	-13.5%	-13.1%

Comments:

1. Lease Rate Adjustments - Funding is provided for increased costs due to relocating the Commission. One-time funding of \$7,000 is provided for moving costs. (General Fund-State, General Fund-Private Local)

2. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Private/Local)

3. Refocus on Core Activities - Savings are realized through administrative reductions in program activities. Remaining funds will allow the Commission to review county-approved plans for development to ensure consistency with the Scenic Area Act and Management Plan. (General Fund-State, General Fund-Private/Local)

4. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Private/Local)

5. NSA Management Plan - One-time funding is provided to obtain a technical writing contract to reorganize and edit the revised management plan and for distribution of the plan in FY 2004. (General Fund-State, General Fund-Private/Local)

6. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, General Fund-Private/Local)

7. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Private/Local)

2003-05 Omnibus Operating Budget
Department of Ecology
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	1,459.8	75,269	324,721
2003-05 Carryforward Level	1,438.0	68,287	297,740
2003-05 Maintenance Level	1,438.0	70,104	302,389
Policy Changes:			
1. General Inflation	0.0	-586	-1,018
2. PBT Reduction	0.0	0	-800
3. Air: Reduce Outreach	-1.5	-374	-274
4. Reduce Smoke & Dust in Eastern WA	0.0	-500	0
5. Pension Funding Change	0.0	-345	-1,275
6. Haz Waste: Reduce Tech Assistance	-2.0	0	-406
7. Nuclear Program Office Move	0.0	0	650
8. 401 Cert: Shift to WQA	0.0	-160	0
9. Reduce FCAAP Grants	0.0	0	-2,000
10. Shoreline Master Programs	0.0	2,000	2,000
11. Reappropriate Watershed Grants	0.0	0	3,000
12. Solid Waste: Tech Assist Reduction	-0.4	0	-152
13. Site Cleanup Tech Assist. Reduction	-4.0	0	1,726
14. US v. WA Culverts Litigation	0.0	16	44
15. Metals Mining Inspection Transfer	-1.0	0	14
16. Aquatic Weeds Reappropriation	0.0	0	1,050
17. Delay Water Right Decisions	-3.0	-2,000	-1,000
18. Ensure Drought Response	-2.6	0	226
19. Support Stream Gauging	0.0	0	221
20. Support Water Purchase/Lease	3.5	0	631
21. Pine Hollow EIS	0.0	0	325
22. Well Regulation: Reduce Tech. Asst	-1.0	-454	-154
23. Dam Safety: New Fee Revenue	0.5	90	90
24. Administrative Services	-1.0	-131	-131
25. Communication and Education	0.0	-12	-12
26. Employee Services	0.0	-29	-29
27. Executive Management & Support	0.0	-26	-26
28. Field Offices	0.0	-19	-19
29. Financial Services	-0.5	-67	-67
30. Governmental Relations	0.0	-17	-17
31. Regional Offices	-0.5	-55	-55
32. Mercury Reduction & Education	0.8	0	100
33. Revolving Funds	0.0	-22	-60
34. Staff Reduc. & Oper. Efficiencies	-41.7	-1,060	-2,470
35. Self-Insurance Premiums	0.0	374	1,034
Total Policy Changes	-54.4	-3,377	1,146
Total 2003-05 Biennium	1,383.6	66,727	303,535
Difference from 2001-03	-76.2	-8,542	-21,186
% Change from 2001-03	-5.2%	-11.3%	-6.5%

Comments:

2003-05 Omnibus Operating Budget
Department of Ecology

- 1. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Private/Local, General Fund-Federal, various other funds)
- 2. PBT Reduction** - Funding is eliminated for a strategy to address persistent, bioaccumulative toxic chemicals. (State Toxics Control Account)
- 3. Air: Reduce Outreach** - Funding is reduced for air quality public outreach. (General Fund-State, Air Pollution Control Account-State)
- 4. Reduce Smoke & Dust in Eastern WA** - \$500,000 is transferred from the state general fund to the Air Pollution Control Account. Funding is provided for source-specific air pollution activities. (General Fund-State, Air Pollution Control Account-State)
- 5. Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)
- 6. Haz Waste: Reduce Tech Assistance** - Due to a State Toxics Control Account revenue shortfall, a 15 percent reduction in education and technical assistance will be realized for businesses that generate less than 220 pounds of dangerous waste per month. (General Fund-Federal, State Toxics Control Account)
- 7. Nuclear Program Office Move** - Funding is provided for the relocation costs of Nuclear Waste Program staff from Kennewick to Richland. (General Fund-Federal, State Toxics Control Account)
- 8. 401 Cert: Shift to WQA** - Appropriation authority is transferred from the state general fund to the Water Quality Account. (General Fund-State, Water Quality Account-State)
- 9. Reduce FCAAP Grants** - Funding is reduced by half for the Flood Control Assistance Account program. Remaining funding will be used for local government flood damage reduction projects, Comprehensive Hazard Management Plans, flood mapping, technical assistance for the National Flood Insurance program, and flood damage reduction projects. (Flood Control Assistance Account-State)
- 10. Shoreline Master Programs** - One-time funding is provided to implement Chapter 262, Laws of 2003 (SSB 6012). This bill provides a staggered statutory schedule for local governments to develop or update shoreline master programs. Funding is provided for local governments who are identified in the first round of implementation deadlines.
- 11. Reappropriate Watershed Grants** - Funding is provided for watershed planning grants that were originally appropriated and obligated during the 2001-03 biennium, but have not been paid out to grant recipients due to the cash reimbursement nature of the program. (Water Quality Account-State)
- 12. Solid Waste: Tech Assist Reduction** - Funding for technical assistance in the Solid Waste Division is reduced from the State Toxics Control Account and is partially offset by an increase from the Biosolids Permit Account. This results in an 18 percent program reduction to engineering and hydrology technical assistance to local health districts. (State Toxics Control Account, Biosolids Permit Account-State)
- 13. Site Cleanup Tech Assist. Reduction** - Funding for four staff who provide: (1) technical assistance related to hydrogeology, sediment, chemistry; and (2) biological impact analysis for site clean-up is eliminated. A one-time \$2.1 million fund balance, from delayed payments to the United States Environmental Protection Agency and other savings, will be utilized for emergency site clean-ups. (State Toxics Control Account)

**2003-05 Omnibus Operating Budget
Department of Ecology**

14. US v. WA Culverts Litigation - One-time funding is provided for Assistant Attorney General staff support for the US vs Washington State (Culverts Case) trial which is anticipated to occur in December 2003. Agencies involved in the case include the Departments of Transportation, Natural Resources, Fish and Wildlife, Ecology and the Washington State Parks and Recreation Commission. (General Fund-State, Water Quality Account-State, Water Quality Permit Account-State)

15. Metals Mining Inspection Transfer - The State Metal Mining and Milling Act requires state agencies to conduct quarterly inspections for mining and milling operations. Currently, both the Department of Ecology and the Department of Natural Resources (DNR) have appropriations from this account to complete inspections, but only Ecology collects the revenue associated with the cost of the inspections. To reduce administration of this small \$18,000 expenditure, DNR's funding is transferred to Ecology. Ecology will contract with DNR for inspections that DNR would be required to complete. (Metals Mining Account-State)

16. Aquatic Weeds Reappropriation - Funding is provided to local governments to reduce the propagation of freshwater aquatic weeds. Funds were previously appropriated and obligated but not dispersed due to seasonal limitations on weed control. (Freshwater Aquatic Weed Account-State)

17. Delay Water Right Decisions - Funding is reduced for processing water rights decisions and will extend the timeline for reducing the 2,000 water rights change and transfer applications backlog. The Department of Ecology is responsible for making decisions on applications for new water rights and changes and transfers to existing water rights. (General Fund-State, Water Quality Account-State)

18. Ensure Drought Response - Funding is provided to increase program capacity for drought response activities. (State Emergency Water Projects Revolving Account)

19. Support Stream Gauging - Funding is provided for increased costs to maintain and operate new stream gauging facilities installed during the 2001-03 biennium and for additional state match needed for the federal stream gauging program. (State Drought Preparedness Account)

20. Support Water Purchase/Lease - Funding for the Water Right Acquisition and/or Leasing Program (\$640,000) is transferred from the Water Quality Account to the Reclamation Account. Additional funding is provided from the State Drought Preparedness Account to support the program and to avoid eliminating staff costs from the capital program. (Water Quality Account-State, State Drought Preparedness Account, Reclamation Account-State)

21. Pine Hollow EIS - Funding is provided to complete an Environmental Impact Statement for the Pine Hollow water storage project, contingent on the outcome of the planning process. (State Drought Preparedness Account)

22. Well Regulation: Reduce Tech. Asst - State general fund support for data management and technical assistance will be shifted to the Reclamation Account and is reduced by 8.8 percent. A reduced level of technical assistance will be provided to homeowners, well drillers, tribes, and local governments. (General Fund-State, Reclamation Account-State)

23. Dam Safety: New Fee Revenue - Funding is provided for an additional staff person in FY 2005, to increase the inspections of high risk dams to every five years, rather than the current schedule of every six to ten years. Fees for approving new dam construction and modifications will be increased to cover the actual cost of plan reviews, and fees for periodic dam inspections will be instituted to begin covering the cost of inspections. During the 2003-05 biennium, \$243,000 in new revenue to the state general fund will be generated if fees are instituted before January 2004.

24. Administrative Services - Savings are realized through an administrative reduction in information services that are related to program activity reductions.

25. Communication and Education - Savings are realized through an administrative reduction related to communication and education program activities.

**2003-05 Omnibus Operating Budget
Department of Ecology**

26. Employee Services - Savings are realized through an administrative reduction in employee services that are related to program activities.

27. Executive Management & Support - Savings are realized through an administrative reduction in executive management and support that are related to program activities.

28. Field Offices - Savings are realized through an administrative reduction in field offices that are related to program activities.

29. Financial Services - Savings are realized through an administrative reduction in financial services that are related to program activities.

30. Governmental Relations - Savings are realized through an administrative reduction in governmental relations that are related to program activities.

31. Regional Offices - Savings are realized through an administrative reduction in regional offices that are related to program activities.

32. Mercury Reduction & Education - Funding is provided to implement Chapter 260, Laws of 2003 (ESHB 1002). This bill provides staff to assist with public education efforts, providing public notice and education about specific product bans, and developing guidelines for issuing penalties. (State Toxics Control Account)

33. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, State Toxics Control Account, various other funds)

34. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, Water Quality Permit Account-State, State Toxics Control Account, Oil Spill Prevention Account-State, various other funds)

35. Self-Insurance Premiums - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the Department's self-insurance premium in the 2003-05 biennium. (General Fund-State, Water Quality Permit Account-State, State Toxics Control Account, various other funds)

2003-05 Omnibus Operating Budget
WA Pollution Liab Insurance Program
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	9.1	0	2,170
2003-05 Carryforward Level	9.1	0	2,167
2003-05 Maintenance Level	9.1	0	2,042
Policy Changes:			
1. General Inflation	0.0	0	-6
2. Agency Administration Fund Shift	0.0	0	0
3. Pension Funding Change	0.0	0	-8
4. Revolving Funds	0.0	0	6
5. Staff Reduc. & Oper. Efficiencies	-2.0	0	-140
Total Policy Changes	-2.0	0	-148
Total 2003-05 Biennium	7.1	0	1,894
Difference from 2001-03	-2.0	0	-276
% Change from 2001-03	-22.2%	0.0%	-12.7%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, Pollution Liability Insurance Program Trust Account-State, Heating Oil Pollution Liability Trust Account-Non-Appropriated)

2. Agency Administration Fund Shift - Appropriation authority is transferred from the Heating Oil Pollution Liability Trust Account to the Pollution Liability Insurance Program Trust Account. Funding is provided for program administration. (Pollution Liability Insurance Program Trust Account-State, Heating Oil Pollution Liability Trust Account-Non-Appropriated)

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (Pollution Liability Insurance Program Trust Account-State, Heating Oil Pollution Liability Trust Account-Non-Appropriated)

4. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, Pollution Liability Insurance Program Trust Account-State)

5. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, Pollution Liability Insurance Program Trust Account-State)

2003-05 Omnibus Operating Budget
State Parks and Recreation Comm
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	647.5	63,723	100,878
2003-05 Carryforward Level	648.7	62,500	100,172
2003-05 Maintenance Level	648.7	63,473	102,390
Policy Changes:			
1. Technical Adjustment	1.6	0	0
2. General Inflation	0.0	-547	-626
3. Operating Costs/Exist Capital Proj	11.1	1,439	1,439
4. Cama Beach Reduction	-17.3	-1,978	-1,978
5. Administrative Reduction	-0.4	-43	-43
6. US v. Washington Culverts	0.0	22	22
7. Implement Parking Fee	50.0	0	4,061
8. Decrease Maintenance Backlog	0.0	0	750
9. WaterTrail Program Acct Elimination	0.0	0	0
10. Pension Funding Change	0.0	-277	-409
11. Savings from 2002 Park Closures	0.0	-163	-233
12. Gas Tax Revenue Adjustment	0.0	0	129
13. Revolving Funds	0.0	24	36
14. Staff Reduc. & Oper. Efficiencies	0.0	-3,008	-3,850
15. Self-Insurance Premiums	0.0	1,020	1,458
Total Policy Changes	45.0	-3,511	756
Total 2003-05 Biennium	693.6	59,962	103,146
Difference from 2001-03	46.1	-3,761	2,268
% Change from 2001-03	7.1%	-5.9%	2.2%

Comments:

- 1. Technical Adjustment** - Staffing level and technical funding adjustments are made to several funds. (General Fund-Local, various other funds)
- 2. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)
- 3. Operating Costs/Exist Capital Proj** - A combination of one-time and on-going funding is provided for operating and maintenance impacts for capital projects funded in 2001-03 and prior biennia.
- 4. Cama Beach Reduction** - Funding and staff are reduced to reflect a delay in the opening of Cama Beach State Park.
- 5. Administrative Reduction** - Funding and staff are reduced to reflect administrative reductions.
- 6. US v. Washington Culverts** - One-time funding is provided for Assistant Attorney General staff support for the US vs Washington State (Culverts Case) trial which is anticipated to occur in December 2003. Agencies involved in the case include the Departments of Transportation, Natural Resources, Fish and Wildlife, Ecology, and the Washington State Parks and Recreation Commission.

**2003-05 Omnibus Operating Budget
State Parks and Recreation Comm**

- 7. Implement Parking Fee** - Funding and staffing are increased to implement the system-wide parking fee that went into effect January 1, 2003. Staff will communicate the new payment options and collect parking fees from visitors at state parks. The State Parks and Recreation Commission projects the new fee will generate \$10 million in revenue during the 2003-05 biennium. (Parks Renewal and Stewardship Account-State)
- 8. Decrease Maintenance Backlog** - Funding is provided to decrease the backlog of maintenance projects in the state park system. The State Parks and Recreation Commission will prioritize projects to address critical maintenance projects that protect public health and safety. (Parks Renewal and Stewardship Account-State)
- 9. Water Trail Program Acct Elimination** - Funding is provided to implement Chapter 338, Laws of 2003 (HB 1335). This bill eliminates the Water Trail Program Account and transfers the remaining fund balance into the Parks Renewal Stewardship Account. (Water Trail Program Account-State, Parks Renewal Stewardship Account-State)
- 10. Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)
- 11. Savings from 2002 Park Closures** - Funding is reduced to reflect the closure of Lyons Ferry, Crow Butte, Lake Cushman, Central Ferry and Chief Timothy State Parks in 2002. (General Fund-State, Parks Renewal and Stewardship Account-State)
- 12. Gas Tax Revenue Adjustment** - Appropriation authority is provided to reflect additional revenue from an increase in the gas tax. (Off-Road Vehicle Account-State)
- 13. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, Parks Renewal and Stewardship Account-State)
- 14. Staff Reduc. & Oper. Efficiencies** - Savings are realized by attaining operational and administrative efficiencies. (General Fund-State, various other funds)
- 15. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the Commission's self-insurance premium in the 2003-05 biennium. (General Fund-State, Parks Renewal Stewardship Account-State)

2003-05 Omnibus Operating Budget
Interagency Comm for Outdoor Rec
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	23.4	338	14,346
2003-05 Carryforward Level	22.4	294	12,144
2003-05 Maintenance Level	22.7	329	20,273
Policy Changes:			
1. Watershed Monitoring Council	0.0	250	250
2. Watershed Health Report Card	0.0	50	50
3. SWIM Coordinator	1.0	168	168
4. Aquatic Lands Enhancement Grants	2.0	0	254
5. General Inflation	0.0	-2	-16
6. Lead Entities	0.0	1,625	3,250
7. Natural Resources Data Portal	0.5	82	82
8. Fund Adjust to Match Revenue	0.0	0	-15
9. Pension Funding Change	0.0	0	-18
10. Gas Tax Revenue	0.0	0	32
11. Staff Reduc. & Oper. Efficiencies	-1.1	0	-50
Total Policy Changes	2.4	2,173	3,987
Total 2003-05 Biennium	25.1	2,502	24,260
Difference from 2001-03	1.7	2,164	9,914
% Change from 2001-03	8.7%	640.2%	69.1%

Comments:

1. Watershed Monitoring Council - Funding is provided to implement priority recommendations of the Monitoring Oversight Committee that include improved watershed health monitoring.

2. Watershed Health Report Card - Funding is provided to implement priority recommendations of the Monitoring Oversight Committee that include production of a State Watershed Health Report Card.

3. SWIM Coordinator - Funding is provided for a Salmon and Watershed Information Management Coordinator position to provide increased accessibility to monitoring information and coordinated natural resource data. The Joint Natural Resource Agency Cabinet (JNRC) identified access to data as a barrier in restoring and protecting natural resources. This item implements a recommendation of the Monitoring Oversight Committee.

4. Aquatic Lands Enhancement Grants - Funding is provided to administer the Aquatic Lands Enhancement Account grant program, which is transferred from the Department of Natural Resources. (Aquatic Lands Enhancement Account-State)

5. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, Salmon Recovery Account-State, Recreation Resources Account-State)

6. Lead Entities - Funding is provided to continue operation of lead entities. (General Fund-State, General Fund-Federal)

**2003-05 Omnibus Operating Budget
Interagency Comm for Outdoor Rec**

7. Natural Resources Data Portal - Funding is provided for a part-time webmaster position to support the operations and maintenance of the Natural Resources Data Portal. The Data Portal is a web site that provides access to a variety of distributed natural resource data and information which is maintained by various state agencies. It is a single place to access available data related to watershed health and salmon recovery efforts.

8. Fund Adjust to Match Revenue - Appropriation authority is reduced to align available revenue and operating expenses with statutory requirements. Statute requires a maximum of 10 percent of the Off-Road Vehicle Activities Program Account and the Firearms Range Account revenue to be used for operating expenses. (Firearms Range Account-State, Nonhighway and Off-Road Vehicle Activities Program Account-State)

9. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, Recreation Resources Account-State)

10. Gas Tax Revenue - Appropriation authority is provided to reflect additional revenue from an increase in the gas tax. (Off-Road Vehicle Account-State)

11. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (Recreation Resources Account-State)

2003-05 Omnibus Operating Budget
Environmental Hearings Office
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	8.0	1,698	1,698
2003-05 Carryforward Level	8.0	1,663	1,663
2003-05 Maintenance Level	9.0	1,963	1,963
Policy Changes:			
1. General Inflation	0.0	-8	-8
2. Land Use Hearings Board	0.0	50	50
3. Pension Funding Change	0.0	-10	-10
4. Revolving Funds	0.0	8	8
5. Staff Reduc. & Oper. Efficiencies	0.0	-120	-120
Total Policy Changes	0.0	-80	-80
Total 2003-05 Biennium	9.0	1,883	1,883
Difference from 2001-03	1.0	185	185
% Change from 2001-03	12.5%	10.9%	10.9%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Land Use Hearings Board - Funding is provided to implement Chapter 393, Laws of 2003 (ESSB 5776). This bill provides funds for the increased costs associated with the creation of the Environmental and Land Use Hearings Board.

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

4. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

5. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
State Conservation Commission
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	15.0	4,292	7,811
2003-05 Carryforward Level	12.5	4,232	6,482
2003-05 Maintenance Level	12.5	4,258	6,540
Policy Changes:			
1. General Inflation	0.0	-10	-30
2. Drainage Infrastructure	0.5	239	239
3. Dairy Nutrient Program	0.0	0	-90
4. Pension Funding Change	0.0	-6	-14
5. Revolving Funds	0.0	6	8
6. Staff Reduc. & Oper. Efficiencies	-0.2	-8	-12
Total Policy Changes	0.3	221	101
Total 2003-05 Biennium	12.8	4,479	6,641
Difference from 2001-03	-2.2	187	-1,170
% Change from 2001-03	-13.3%	4.4%	-15.0%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, Water Quality Account-State)

2. Drainage Infrastructure - One-time funding is provided to implement Chapter 391, Laws of 2003 (E2SHB 1418). Increased funding will be used for the assessments leading to development of the Skagit tide gates and estuarine habitat plans and to provide support to the newly created task force as they address issues related to agricultural drainage systems.

3. Dairy Nutrient Program - Spending authority is transferred from the Conservation Commission to the Department of Agriculture for implementation of Chapter 325, Laws of 2003 (ESSB 5889). The Dairy Waste Management Account will be renamed the Livestock Nutrient Management Account. (Dairy Waste Management Account-Non-Appropriated)

4. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, Water Quality Account-State)

5. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, Water Quality Account-State)

6. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, Water Quality Account-State)

2003-05 Omnibus Operating Budget
Dept of Fish and Wildlife
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	1,557.5	92,942	292,171
2003-05 Carryforward Level	1,538.2	88,528	280,074
2003-05 Maintenance Level	1,609.2	90,464	284,194
Policy Changes:			
1. General Inflation	0.0	-502	-1,515
2. Reduce Regional Customer Service	-9.0	-850	-1,050
3. US v. Washington Culvert Lawsuit	0.0	112	112
4. Safety Equipment Upgrade	0.0	60	110
5. Admin Technical Adjustment	0.0	0	-24
6. Admin General Reduction	0.0	-405	-405
7. Computer & Software Upgrade	0.0	0	400
8. Enforcement: Evidence Storage	0.0	0	300
9. Enforcement Vacancy Savings	0.0	-1,000	-1,000
10. Spartina Funding to ALEA	0.0	0	466
11. Reduce Warm Water Assessment	-2.0	-550	-300
12. Hatchery Science Review Group	0.0	450	1,000
13. Fish Hatcheries Division Reduction	-3.0	-1,284	-642
14. Habitat: Cut Pre-Project Screening	-2.2	-465	-465
15. WCC: Working Circles with DNR	0.0	-410	-410
16. Lands - Stewardship & Maintenance	0.0	0	850
17. Migratory Waterfowl	0.0	0	900
18. Wildlife - Marine Bird Monitoring	0.0	0	402
19. Wildlife Decals (SB 5204)	0.1	0	24
20. Small Forest Landowners	1.1	157	157
21. Intergovernmental Affairs Assistant	-1.0	-160	-160
22. Fish Management Division Reduction	0.0	-160	-160
23. Enforcement Program fund shift	0.0	-800	0
24. Municipal Water Rights	0.5	50	50
25. Pacific Salmon Treaty	0.0	220	220
26. Pension Funding Change	0.0	-574	-1,220
27. Gas Tax Revenue	0.0	0	24
28. Revolving Funds	0.0	-64	-106
29. Staff Reduc. & Oper. Efficiencies	-63.4	-3,060	-4,644
30. Self-Insurance Premiums	0.0	403	732
Total Policy Changes	-78.9	-8,832	-6,354
Total 2003-05 Biennium	1,530.3	81,632	277,840
Difference from 2001-03	-27.2	-11,310	-14,331
% Change from 2001-03	-1.8%	-12.2%	-4.9%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)

2. Reduce Regional Customer Service - Savings are realized through the elimination of customer service staff within each regional office. License sales will be eliminated in all regional offices, which will require customers to purchase licenses through a retail establishment. (General Fund-State, Wildlife Account-State)

2003-05 Omnibus Operating Budget Dept of Fish and Wildlife

3. US v. Washington Culvert Lawsuit - One-time funding is provided for Assistant Attorney General staff support for the US vs Washington State (Culverts Case) trial which is anticipated to occur in December 2003. Agencies involved in the case include the Departments of Transportation, Natural Resources, Fish and Wildlife, Ecology and the Washington State Parks and Recreation Commission.

4. Safety Equipment Upgrade - Funding is provided for replacement of emergency communication radios with equipment that meets federal standards, is compatible with equipment used by other state agencies, and can be used by employees working alone in remote locations that lack cellular phone coverage. (General Fund-State, Wildlife Account-State)

5. Admin Technical Adjustment - Savings are realized through an administrative technical adjustment. (General Fund-Federal, General Fund-Private/Local, Wildlife Account-Federal, Wildlife Account-Local)

6. Admin General Reduction - Savings are achieved through a general reduction to administration.

7. Computer & Software Upgrade - Funding is provided for the Information Services Division to upgrade agency computer backup systems and to continue the transition of agency personal computers and software to current standards. (General Fund-Private/Local, Wildlife Account-State, Wildlife Account-Federal)

8. Enforcement: Evidence Storage - Funding is provided to implement evidence storage upgrades, provide mobile data terminals to all officers, and to replace vehicles in order to conform to recognized replacement schedules and ensure employee safety. (Wildlife Account-State)

9. Enforcement Vacancy Savings - Savings are realized through the Enforcement Program maintaining staff vacancies.

10. Spartina Funding to ALEA - Funding is provided to continue efforts to control and manage Spartina infestations within the state. (Aquatic Lands Enhancement Account-State)

11. Reduce Warm Water Assessment - Savings are realized through the elimination of the Western Washington Warm Water Assessment Team and the transfer of certain General Fund-State activities to other fund sources. (General Fund-State, General Fund-Private/Local, Warm Water Game Fish Account-State, Wildlife Account-State, Wildlife Account-Federal, Wildlife Account-Local)

12. Hatchery Science Review Group - Funding is provided to implement the Hatchery Scientific Review Group recommendations to reform hatchery programs for the benefit of recovering wild salmon and providing sustainable fisheries. (General Fund-State, General Fund-Federal, General Fund-Private/Local, Wildlife Account-State, Wildlife Account-Federal, Wildlife Account-Local)

13. Fish Hatcheries Division Reduction - Savings are realized through reductions to the Hatchery Division that may include the closure of hatcheries. \$642,000 is transferred from the state general fund to the State Wildlife Account. (General Fund-State, Wildlife Account-State)

14. Habitat: Cut Pre-Project Screening - Funding is eliminated for pre-project screening activities related to habitat resotation projects. Although this activity is being eliminated, project screening will continue at a reduced level.

15. WCC: Working Circles with DNR - Funding and staff are reduced for Washington Conservation Corps (WCC) activities. The Department of Natural Resources and the Department of Fish and Wildlife will coordinate the management of remaining WCC crews in "working circles" around the state.

16. Lands - Stewardship & Maintenance - Funding is provided to address stewardship and maintenance needs on approximately 90,000 acres and over 600 water access sites. (General Fund-Private/Local, Wildlife Account-State, Wildlife Account-Federal)

**2003-05 Omnibus Operating Budget
Dept of Fish and Wildlife**

- 17. Migratory Waterfowl** - Funding is provided for wetland restoration and landowner incentives to create or maintain habitat for migratory waterfowl. These activities are supported by revenue from an increase in the migratory waterfowl stamp, authorized by Chapter 283, Laws of 2002. (Wildlife Account-State)
- 18. Wildlife - Marine Bird Monitoring** - Funding is provided to investigate recent declines in marine bird populations within Puget Sound and to begin implementation of a recovery plan. State funds will be used to match and leverage resources from other government, or private partners. (Wildlife Account-State)
- 19. Wildlife Decals (SB 5204)** - Funding is provided to implement Chapter 317, Laws of 2003 (SSB 5204). This bill authorizes the Department to sell watchable wildlife decals and the revenue generated will support watchable wildlife activities. (Wildlife Account-State)
- 20. Small Forest Landowners** - Funding is provided to implement Chapter 311, Laws of 2003 (2SHB 1095). This bill provides for an agency program administrator to establish an assistance program for small forest landowners.
- 21. Intergovernmental Affairs Assistant** - Funding is eliminated for one intergovernmental affairs assistant position.
- 22. Fish Management Division Reduction** - Funding is reduced for the Fish Management Division.
- 23. Enforcement Program fund shift** - One-time funding is transferred from the state general fund to the State Wildlife Account for the Enforcement Program. (General Fund-State, Wildlife Account-State)
- 24. Municipal Water Rights** - Funding is provided to implement Engrossed Second Substitute House Bill 1338 (municipal water rights). This bill provides for staff consultation for the review of water system plans of public water systems, and participation in selecting watershed areas to participate in voluntary pilot watershed agreements.
- 25. Pacific Salmon Treaty** - Funding is provided to implement license buyback provisions of the United States/Canada salmon treaty.
- 26. Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)
- 27. Gas Tax Revenue** - Appropriation authority is provided to reflect additional revenue from an increase in the gas tax. (Off-Road Vehicle Account-State)
- 28. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, Wildlife Account-State, Water Quality Account-State)
- 29. Staff Reduc. & Oper. Efficiencies** - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)
- 30. Self-Insurance Premiums** - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the Department's self-insurance premium in the 2003-05 biennium. (General Fund-State, Wildlife Account-State)

2003-05 Omnibus Operating Budget
Department of Natural Resources
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	1,581.0	67,425	280,474
2003-05 Carryforward Level	1,574.0	63,045	269,562
2003-05 Maintenance Level	1,576.2	73,776	282,806
Policy Changes:			
1. Culverts Lawsuit Funding	0.0	0	302
2. General Inflation	0.0	-517	-1,426
3. Revenue Management System	5.2	50	2,464
4. Improved Data Storage & Access	0.0	262	913
5. Administrative Reduction	-4.2	-429	-429
6. Fund Adjustment to Match Revenue	-49.7	-296	-14,889
7. Aquatic Restoration Land Mgmt	1.0	0	254
8. Transfer ALEA Grant Program to IAC	-2.0	0	-254
9. Geoduck Research	0.0	0	265
10. Contaminated Sediments Liability	0.0	0	1,000
11. Derelict Vessel Removal	0.0	0	1,050
12. Dredged Material Program Monitoring	0.0	0	250
13. Suppression: Shift to Disaster Acct	0.0	-7,200	0
14. Fire Prevent: Adjustment to Revenue	-1.0	0	-101
15. Forest Practices HCP	0.0	0	1,077
16. Increase Forest & Fish Info System	5.6	1,200	1,200
17. SDS Lumber Lawsuit Settlement	0.0	2,700	2,700
18. Forest Stewardship: Cut Level 3	-2.5	-920	-920
19. Reduce Geology Public Information	-5.5	-730	-730
20. Law Enforcement Investigations	2.0	12	381
21. Fund Shift to NRCA Stewardship	0.0	-49	0
22. Natural Area Operating Impacts	1.3	176	176
23. Aquatic Land ESA	5.5	0	1,101
24. Eliminate GF-S for Public Access	-3.0	-429	-429
25. Shellfish Biotoxin Testing	0.0	0	40
26. Spartina Control: Shift to ALEA	0.0	-182	0
27. Contract Harvesting	0.0	0	8,280
28. PSAMP Expenditures	0.0	0	300
29. Metals Mining Transfer	-1.0	0	-64
30. Surface Mining: Match Revenue	0.0	0	-157
31. WCC: Working Circles with WDFW	-1.2	-779	-779
32. Small Forest Landowners	0.5	278	278
33. Pension Funding Change	0.0	-341	-1,107
34. Gas Tax Revenue	0.0	0	193
35. Temporary Exchange Authority	0.0	0	1,250
36. Revolving Funds	0.0	-68	-270
37. Staff Reduc. & Oper. Efficiencies	-86.5	-2,364	-5,670
38. Self-Insurance Premiums	0.0	390	1,090
Total Policy Changes	-135.5	-9,236	-2,661
Total 2003-05 Biennium	1,440.7	64,540	280,145
Difference from 2001-03	-140.3	-2,885	-329

2003-05 Omnibus Operating Budget
Department of Natural Resources
(Dollars in Thousands)

	Conference Proposal		
	FTEs	GF-S	Total
% Change from 2001-03	-8.9%	-4.3%	-0.1%

Comments:

- 1. Culverts Lawsuit Funding** - One-time funding is provided for Assistant Attorney General staff support for the US vs Washington State (Culverts Case) trial which is anticipated to occur in December 2003. Agencies involved in the case include the Departments of Transportation, Natural Resources, Fish and Wildlife, Ecology and the Washington State Parks and Recreation Commission. (Resource Management Cost Account-State, Forest Development Account-State)
- 2. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)
- 3. Revenue Management System** - One-time and on-going funding and staff are provided to replace the revenue management system. The current mainframe computer system will be replaced with a commercial system that is compatible with a web-based database. (General Fund-State, Resource Management Cost Account-State, Forest Development Account-State, various other funds)
- 4. Improved Data Storage & Access** - Funding is provided for network structure that will support storage and access to data. (General Fund-State, Resource Management Cost Account-State, Forest Development Account-State, various other funds)
- 5. Administrative Reduction** - Administrative funding and staff are reduced.
- 6. Fund Adjustment to Match Revenue** - Land management activities are reduced to match available revenues in the Forest Development Account (\$241,000), Forest Fire Protection Assessment Account (\$2 million), and Resource Management Cost Account (\$12.3 million). In addition, a one-time operational efficiency reduction is taken (\$296,000 General Fund-State). Appropriation authority is also reduced to match available revenues in the Surface Mining Reclamation Account and Air Pollution Control Account. (General Fund-State, Resource Management Cost Account-State, Surface Mining Reclamation Account-State, Air Pollution Control Account-State, Forest Fire Protection Assessment Account-Non-Appropriated, Forest Development Account-State)
- 7. Aquatic Restoration Land Mgmt** - One-time and on-going funding and staff are provided to develop and manage conservation and restoration projects on state-owned aquatic lands. (Resource Management Cost Account-State, Aquatic Lands Enhancement Account-State)
- 8. Transfer ALEA Grant Program to IAC** - The administration of the Aquatic Lands Enhancement Account grant program is transferred to the Interagency Committee for Outdoor Recreation. (Aquatic Lands Enhancement Account-State)
- 9. Geoduck Research** - One-time funding is provided to develop a geoduck research project. Of the \$265,000 provided, \$140,000 is for a contract with the University of Washington to conduct a comprehensive literature review of geoduck aquaculture research and to design a pilot project to develop the guidelines for a research project; \$100,000 is for the Department of Natural Resources to support the development of the project, and \$25,000 is for the Department of Fish and Wildlife to provide biological support and scientific review. (Aquatic Lands Enhancement Account-State)
- 10. Contaminated Sediments Liability** - One-time funding is provided for the state's share of costs to cleanup contaminated sediments on the state's aquatic lands. Identified sites include Commencement Bay, Middle Waterway for the Thea Foss waterway. Cleanup of contaminated sediments on state-owned aquatic lands is directed by the U.S. Environmental Protection Agency under the Comprehensive Environmental Response and Liability Act, and by the Washington State Department of Ecology under the Model Toxics Control Act. (Aquatic Lands Enhancement Account-State)

2003-05 Omnibus Operating Budget
Department of Natural Resources

- 11. Derelict Vessel Removal** - Funding is provided for costs associated with removing derelict vessels. The 2002 Legislature passed Engrossed Substitute House Bill 2376 (derelict vessels), which gives specified public entities the authority to seize, remove, and dispose of derelict vessels. (Aquatic Lands Enhancement Account-State, Derelict Vessel Removal Account-State)
- 12. Dredged Material Program Monitoring** - Funding is provided for increased costs associated with environmental monitoring of open-water disposal sites used for the disposal of dredged material. The Dredge Materials Management program coordinates permitting, site authorizations, billings, contracting and monitoring of two disposal sites. (Aquatic Land Dredged Material Disposal Site Account-State)
- 13. Suppression: Shift to Disaster Acct** - One-time funding is provided for the estimated costs of fire suppression from the Disaster Response Account. (General Fund-State, Disaster Response Account-State)
- 14. Fire Prevent: Adjustment to Revenue** - Funding is reduced to match available revenues for the regulation of burning on timber lands. (Air Pollution Control Account-State)
- 15. Forest Practices HCP** - Federal funding is provided for the development of a statewide habitat conservation plan for non-federal forest landowners. The Department will prepare the environmental impact statement and the draft implementation agreement with federal agencies implementing the Endangered Species Act. (General Fund-Federal)
- 16. Increase Forest & Fish Info System** - A combination of on-going and one-time funding and staff are provided to maintain and update computer systems that support salmon recovery, the state's Forests and Fish Report, and basic geographic information system analysis for the Forest Practices Program.
- 17. SDS Lumber Lawsuit Settlement** - Funding is provided for a lawsuit settlement and purchase of approximately 232 acres of land and timber in Klickitat County from the SDS Lumber Company. The land and timber acquired with this funding will be managed for the benefit of the common schools.
- 18. Forest Stewardship: Cut Level 3** - Funding and staff are reduced for forest stewardship assistance. The Department will continue to provide non-industrial private forest owners limited advice, assistance, and educational opportunities to enhance stewardship of their lands.
- 19. Reduce Geology Public Information** - Funding and staff are reduced for the geology library. One geology librarian is retained for limited interaction with the general public, organized groups, and the educational community.
- 20. Law Enforcement Investigations** - Funding is provided for two additional staff to conduct investigations of criminal and civil incidents occurring on the Department's managed and protected lands. The Law Enforcement Services program currently has one Natural Resources Investigator in each of the seven administrative regions. (General Fund-State, Resource Management Cost Account-State, Forest Development Account-State, various other funds)
- 21. Fund Shift to NRCA Stewardship** - Funds are shifted, on a one-time basis, from the state general fund to the Natural Resources Conservation Areas Stewardship Account. NRCA stewardship conducts maintenance activities and provides operational support for 115,000 acres of natural area preserves and natural resource conservation areas. (General Fund-State, Natural Resources Conservation Areas Stewardship Account-State)
- 22. Natural Area Operating Impacts** - Funding is provided for operating and maintenance costs of 4,700 acres of Natural Area Preserves and Natural Resources Conservation Areas that were previously funded in the 2001-03 capital budget.
- 23. Aquatic Land ESA** - One-time and on-going funding and staff are provided to develop an Endangered Species Act compliance plan for 2.4 million acres of state-owned aquatic lands. (Aquatic Lands Enhancement Account-State)

2003-05 Omnibus Operating Budget
Department of Natural Resources

- 24. Eliminate GF-S for Public Access** - General Fund-State funding and associated staff are eliminated that provide maintenance support of approximately 950 miles of trails statewide. One third of the 152 recreation sites will be closed.
- 25. Shellfish Biotoxin Testing** - Due to the elimination of shellfish biotoxin testing services at the Department of Health, funding is provided to the Department of Natural Resources to continue shellfish biotoxin testing. This testing will assure the safe harvest of goods by mitigating health hazards for shellfish harvests. (Resource Management Cost Account-State)
- 26. Spartina Control: Shift to ALEA** - General Fund-State funding for Spartina control is shifted to the Aquatic Lands Enhancement Account. (General Fund-State, Aquatic Lands Enhancement Account-State)
- 27. Contract Harvesting** - Spending authority is provided from the Contract Harvesting Revolving Account for payment of harvesting costs incurred on contract harvesting sales, and to implement Chapter 313, Laws of 2003 (2SSB 5074). (Contract Harvesting Revolving Account-Non-Appropriated)
- 28. PSAMP Expenditures** - Funding is provided to improve and expand monitoring activities in the Puget Sound Ambient Monitoring program. Data obtained will enhance the ability of state, federal, and local governments to manage, protect, and restore local marine ecosystems and the fish stocks they support. (Aquatic Lands Enhancement Account-State)
- 29. Metals Mining Transfer** - The Department of Natural Resources (DNR) and the Department of Ecology (DOE) both conduct mining-related inspections. By mutual agreement of the two agencies, the appropriations from the Metals Mining Account are transferred from the DNR to the DOE on an on-going basis. (Metals Mining Account-State)
- 30. Surface Mining: Match Revenue** - Spending authority for the Surface Mining Reclamation Account is reduced to match revenue. (Surface Mining Reclamation Account-State)
- 31. WCC: Working Circles with WDFW** - Funding and staff are reduced for Washington Conservation Corps (WCC) activities. The Department of Natural Resources and the Department of Fish and Wildlife will coordinate the management of remaining WCC crews in "working circles" around the state.
- 32. Small Forest Landowners** - Funding is provided to implement Chapter 311, Laws of 2003 (2SHB 1095). This bill provides for an one-time environmental impact statement and cost-benefit analysis, and an on-going natural resource engineer to assist with program implementation.
- 33. Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)
- 34. Gas Tax Revenue** - Appropriation authority is provided to reflect additional revenue from an increase in the gas tax. (Off-Road Vehicle Account-State)
- 35. Temporary Exchange Authority** - The Department is authorized to accept payment for land and timber appraisals in land exchanges. (Forest Development Account-State, Resource Management Cost Account-State)
- 36. Revolving Funds** - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, Resource Management Cost Account-State, Forest Development Account-State, various other funds)

2003-05 Omnibus Operating Budget
Department of Natural Resources

37. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, Resource Management Cost Account-State, Forest Development Account-State, various other funds)

38. Self-Insurance Premiums - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the Department's self-insurance premium in the 2003-05 biennium. (General Fund-State, Resource Management Cost Account-State, Forest Development Account-State, various other funds)

2003-05 Omnibus Operating Budget
Department of Agriculture
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	717.6	15,561	91,548
2003-05 Carryforward Level	716.4	15,136	95,011
2003-05 Maintenance Level	676.4	15,494	91,758
Policy Changes:			
1. General Inflation	0.0	-99	-311
2. Ag Statistics Service Reduction	-2.3	-350	-350
3. Dairy Nutrient Program	6.0	0	947
4. Seed Program	2.0	0	198
5. Livestock Identification	3.3	0	360
6. Pension Funding Change	0.0	-76	-372
7. Chickens (HB 1754)	0.5	68	72
8. Revolving Funds	0.0	-6	-20
9. Staff Reduc. & Oper. Efficiencies	-32.0	-431	-1,831
10. Self-Insurance Premiums	0.0	88	420
Total Policy Changes	-22.5	-806	-887
Total 2003-05 Biennium	653.9	14,688	90,871
Difference from 2001-03	-63.7	-873	-677
% Change from 2001-03	-8.9%	-5.6%	-0.7%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal, General Fund-Private/Local, various other funds)

2. Ag Statistics Service Reduction - Funding and staff are reduced to reflect removal of General Fund-State support for the Washington Agriculture Statistics Service. The effect of this change will be fewer county-level crop analyses. Corresponding administrative funding and staff are also reduced.

3. Dairy Nutrient Program - Funding is provided for the transfer of the Dairy Nutrient Program from the Department of Ecology to the Department of Agriculture as outlined in Chapter 325, Laws of 2003 (ESSB 5889). The bill also transfers spending authority from the Conservation Commission to the Department of Agriculture for the Dairy Waste Management Account and renames the account the Livestock Nutrient Management Account. (Water Quality Account-State, Water Quality Permit Account-State, Dairy Waste Management Account-Non-Appropriated)

4. Seed Program - Spending authority is provided to implement Chapter 308, Laws of 2003 (HB 1126). This bill provides funding for two additional staff for the Seed Program to prepare for anticipated growth in seed production and increased testing of genetically altered crops. (Agricultural Local Account-Non-Appropriated)

5. Livestock Identification - Spending authority is provided to implement Chapter 326, Laws of 2003 (SSB 5891). This bill increases fees charged under the livestock identification, certified feed lot, and public livestock market laws. Funding is provided for inspections at certified feed lots and slaughter plants and to increase livestock theft investigation activities. (Agricultural Local Account-Non-Appropriated)

**2003-05 Omnibus Operating Budget
Department of Agriculture**

6. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)

7. Chickens (HB 1754) - Funding is provided to implement Chapter 397, Laws of 2003 (ESHB 1754). The bill authorizes the Department to issue special, temporary permits for the slaughter, preparation, and on-farm, producer-to-consumer sale of 1,000 or fewer pastured, whole chickens in a calendar year. One-time funding of \$38,000 is provided for required rule adoption. (General Fund-State, Agricultural Local-Non-Appropriated)

8. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, General Fund-Federal, various other funds)

9. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal, various other funds)

10. Self-Insurance Premiums - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the Department's self-insurance premium in the 2003-05 biennium. (General Fund-State, General Fund-Federal, various other funds)

2003-05 Omnibus Operating Budget
Washington State Patrol
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	520.4	31,059	73,806
2003-05 Carryforward Level	533.2	43,805	86,991
2003-05 Maintenance Level	533.2	44,292	88,491
Policy Changes:			
1. General Inflation	0.0	-19	-62
2. Crime Lab Funding Adjustment	0.0	0	0
3. Executive Protection	2.0	0	216
4. Reduce/Shift Drug Enforcement Funds	-2.2	-4,507	-507
5. Fire Services Funding Adjustment	0.0	0	0
6. Pension Funding Change	0.0	-222	-375
7. SB 5176 - Wildland Fire Training	0.0	0	750
8. School Fire Prevention	2.0	0	200
9. Enhanced 911 Equipment	0.0	0	612
10. Revolving Funds	0.0	18	18
11. Staff Reduc. & Oper. Efficiencies	-12.0	-760	-1,028
12. Self-Insurance Premiums	0.0	58	58
Total Policy Changes	-10.2	-5,432	-118
Total 2003-05 Biennium	523.0	38,860	88,373
Difference from 2001-03	2.6	7,801	14,567
% Change from 2001-03	0.6%	25.1%	19.7%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)

2. Crime Lab Funding Adjustment - Under RCW 82.14.310 and RCW 82.14.320, not more than 5 percent of funds deposited into the county and municipal criminal justice assistance accounts are available for appropriations to the Washington State Patrol crime laboratory. To stay within these statutory requirements, funding from these two accounts is reduced and offset with an increase in Public Safety and Education Account funds. (Public Safety and Education Account-State, County Criminal Justice Assistance Account, Municipal Criminal Justice Assistance Account)

3. Executive Protection - Funding is provided for two additional cadets to provide 24-hour, seven days per week coverage for the secure entrance of the Governor's residence. The State Patrol is currently absorbing the cost of staffing the residence entrance, but will no longer be able to do so in the 2003-05 biennium. (Public Safety and Education Account-State)

4. Reduce/Shift Drug Enforcement Funds - General Fund-State support is eliminated (\$4,507,000) and partially replaced with \$4,000,000 in Public Safety and Education Account funds. The net reduction of \$507,000 will eliminate 1.2 Trooper Detective FTE in the Narcotics Section and 1.0 FTE in the Methamphetamine Resource Center. (General Fund-State, Public Safety and Education Account-State)

5. Fire Services Funding Adjustment - A reduction of \$38,000 due to declining revenues in the State Toxics Control Account is offset by additional appropriation authority in the Fire Services Training Account. This will allow the Fire Services Bureau to continue using special live fuels in its hazardous materials trainings. The fund balance in the Fire Services Training Account is sufficient to handle the additional expenditure without raising fees to local fire districts. (State Toxics Control Account, Fire Services Training Account-State)

**2003-05 Omnibus Operating Budget
Washington State Patrol**

6. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)

7. SB 5176 - Wildland Fire Training - Funding is provided to implement Chapter 316, Laws of 2003 (SB 5176). This bill provides for wildland fire fighter training, and increases the allowable reimbursement hours and the reimbursement rate to fire districts and cities who provide this training. (Fire Services Training Account-State)

8. School Fire Prevention - Funding is provided for two FTEs in the State Fire Marshal's office to review K-12 construction documents for fire and life safety issues. During the 2001-03 biennium, these staff positions were funded in the capital budget. (Fire Services Account-State)

9. Enhanced 911 Equipment - Funding is provided to replace the State Patrol's computer aided dispatch (CAD) system for emergency 911 calls. The CAD system will enable the agency to provide Enhanced 911 caller/location identification and positioning for wireless calls. The funding level reflects the 2003-05 portion of debt service on a Certificate of Participation. (Enhanced 911 Account-State)

10. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

11. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, Public Safety and Education Account-State)

12. Self-Insurance Premiums - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the State Patrol's self-insurance premium in the 2003-05 biennium.

2003-05 Omnibus Operating Budget
Department of Licensing
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	246.3	10,896	34,934
2003-05 Carryforward Level	245.5	10,960	34,717
2003-05 Maintenance Level	245.5	10,326	35,295
Policy Changes:			
1. General Inflation	0.0	-42	-136
2. Equipment Replacement Costs	0.0	28	106
3. Master License Services	2.9	0	403
4. Expanded Internet 03-05	1.0	0	229
5. Information Technology Svcs (ITS)	0.1	0	389
6. Pension Funding Change	0.0	-58	-170
7. Revolving Funds	0.0	-20	-26
8. Staff Reduc. & Oper. Efficiencies	-8.1	-260	-506
Total Policy Changes	-4.2	-352	289
Total 2003-05 Biennium	241.3	9,974	35,584
Difference from 2001-03	-5.0	-922	650
% Change from 2001-03	-2.0%	-8.5%	1.9%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)

2. Equipment Replacement Costs - One-time funding is provided to replace the remittance mail processing machine, which processes professional license renewal fees returned by mail. The current equipment is obsolete and no longer supported by the manufacturer. New equipment will also be able to process transportation-related billing, and additional funds are appropriated in the Transportation budget. (General Fund-State, various other funds)

3. Master License Services - Funding is provided to cover the costs of partnering with cities and other state agencies to perform new business licensing functions within the Master License Service program. The funding is for three additional FTEs and anticipated credit card fees associated with on-line payments. (Master License Account-State)

4. Expanded Internet 03-05 - Funding is provided to expand the internet services provided by the Business and Professions Division. Expanding the range of digital services available through the Department of Licensing's Internet site affects both businesses and individuals in professions licensed by the state. The renewal of the following new business and professional licenses will be provided on-line: Architects; Landscape Architects; Bail Bonds; Security Guards; Funeral Directors; Notaries; Real Estate Brokers; Real Estate Sales; Real Estate Appraisers; Cemeteries; Liquor Shopkeepers; Collection Agencies; Private Investigators; Sellers of Travel; Employment Agencies; Bulk Fertilizer Dealers; Refrigerated Lockers; Seed Dealers; Pesticide Dealers; Cigarette Retail/Wholesale; Whitewater River Outfitters; and Underground Storage Tanks. (Various other funds)

5. Information Technology Svcs (ITS) - Funding is provided for information technology expansion and support associated with a variety of projects. These projects include information technology infrastructure improvements, Unisys re-platforming, call center improvements, one-stop business licensing, and the Special Investigations Unit. The Unisys Re-Platforming project represents Phase I of a comprehensive program to migrate core agency systems from existing main-frame "legacy" systems to a modern server-based environment. (Various other funds)

**2003-05 Omnibus Operating Budget
Department of Licensing**

6. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, various other funds)

7. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, various other funds)

8. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, various other funds)

2003-05 Omnibus Operating Budget
Public Schools
OSPI & Statewide Programs
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	261.3	52,149	193,116
2003-05 Carryforward Level	257.3	43,888	189,577
2003-05 Maintenance Level	257.3	44,632	132,443
Policy Changes:			
1. Alternative Certification Routes	0.0	-2,314	-2,314
2. Anti-Bullying/Harassment Training	0.0	-486	-486
3. Sexual Abstinence Program	-1.4	-388	-388
4. General Inflation	0.0	-37	-196
5. HB 2012 Pilot Projects	0.0	995	995
6. Pension Funding Change	0.0	-144	-144
7. Washington Achievers Scholars	0.0	1,000	1,000
8. World War II Oral History Project	0.0	-292	-292
9. Charter Schools	0.0	306	306
10. Revolving Funds	0.0	-110	-110
11. Staff Reduc. & Oper. Efficiencies	-15.0	-1,318	-1,318
Total Policy Changes	-16.4	-2,788	-2,947
Total 2003-05 Biennium	240.9	41,844	129,496
Difference from 2001-03	-20.4	-10,305	-63,620
% Change from 2001-03	-7.7%	-19.8%	-32.9%

Comments:

1. Alternative Certification Routes - Alternative certification routes are teacher-training programs that serve as an alternative to the traditional teacher preparation programs. The alternative route programs are developed as partnerships between school districts and higher education teacher preparation programs. Savings are achieved based on proposed changes to the program.

2. Anti-Bullying/Harassment Training - State funding for this activity has been eliminated.

3. Sexual Abstinence Program - State funding for the design of media and community campaigns promoting sexual abstinence is eliminated.

4. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)

5. HB 2012 Pilot Projects - Under House Bill 2012, Chapter 133, Laws of 2003 (special services pilot projects), two districts will be selected to provide early intensive reading and language assistance to students who are struggling academically. To the extent that the pilot projects are successful in reducing the number of students in special education and therefore reducing state special education expenditures, funding is provided for the pilot projects.

6. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

2003-05 Omnibus Operating Budget
Public Schools
OSPI & Statewide Programs

7. Washington Achievers Scholars - Funding is provided for the Washington State Achievers Scholarship Program. The funds will be used to support community involvement officers that recruit, train and match community volunteer mentors with high school students selected as achiever scholars. After graduating from high school, achiever scholars receive college scholarships funded through private grants.

8. World War II Oral History Project - State funding for this program is eliminated.

9. Charter Schools - Funding is provided to implement Substitute Senate Bill 5012 (charter schools), which provides for the establishment of a limited number of charter schools. Most of the fiscal impact comes from an anticipated increase in funded enrollment due to home-schooled and private school students switching to public charter schools.

10. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

11. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
Public Schools
General Apportionment
 (Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	7,498,021	7,498,021
2003-05 Carryforward Level	0.0	7,869,386	7,869,386
2003-05 Maintenance Level	0.0	8,011,027	8,011,027
Policy Changes:			
1. Pension Funding Change	0.0	-51,877	-51,877
2. Better Schools	0.0	-13,874	-13,874
3. Charter Schools	0.0	1,340	1,340
Total Policy Changes	0.0	-64,411	-64,411
Total 2003-05 Biennium	0.0	7,946,616	7,946,616
Difference from 2001-03	0.0	448,595	448,595
% Change from 2001-03	0.0%	6.0%	6.0%

Comments:

1. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System (SERS), and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made towards the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. The SERS employer contribution rate includes an increase of 0.01 percent due to the enactment of House Bill 1207, Chapter 402, Laws of 2003 (public employee death benefits).

2. Better Schools - Beginning with the 2004-05 school year, the Better Schools K-4 staffing ratio enhancement is eliminated. The enhancement provides .8 certificated instructional staff per 1,000 students.

3. Charter Schools - Funding is provided to implement Substitute Senate Bill 5012 (charter schools), which provides for the establishment of a limited number of charter schools. Most of the fiscal impact comes from an anticipated increase in funded enrollment due to home-schooled and private school students switching to public charter schools.

2003-05 Omnibus Operating Budget
Public Schools
Pupil Transportation
 (Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	385,695	385,695
2003-05 Carryforward Level	0.0	403,878	403,878
2003-05 Maintenance Level	0.0	424,148	424,148
Policy Changes:			
1. Pension Funding Change	0.0	-1,531	-1,531
2. Depreciation Changes	0.0	-10,700	-10,700
Total Policy Changes	0.0	-12,231	-12,231
Total 2003-05 Biennium	0.0	411,917	411,917
Difference from 2001-03	0.0	26,222	26,222
% Change from 2001-03	0.0%	6.8%	6.8%

Comments:

1. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System (SERS), and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made towards the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. The SERS employer contribution rate includes an increase of 0.01 percent due to the enactment of House Bill 1207, Chapter 402, Laws of 2003 (public employee death benefits).

2. Depreciation Changes - To be eligible for state reimbursement, a school bus purchased on or after July 1, 2003, must be competitively bid based on the lowest solicited price quotes from bus dealers for school buses meeting state and local standards. As a result of these changes, it assumed that state depreciation payments will be reduced by \$10.7 million in the 2003-05 biennium.

2003-05 Omnibus Operating Budget
Public Schools
School Food Services
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	6,200	296,387
2003-05 Carryforward Level	0.0	6,200	323,224
2003-05 Maintenance Level	0.0	6,200	383,061
Total 2003-05 Biennium	0.0	6,200	383,061
Difference from 2001-03	0.0	0	86,674
% Change from 2001-03	0.0%	0.0%	29.2%

Comments:

2003-05 Omnibus Operating Budget
Public Schools
Special Education
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	1.5	828,926	1,085,333
2003-05 Carryforward Level	1.5	870,055	1,126,940
2003-05 Maintenance Level	1.5	885,131	1,295,090
Policy Changes:			
1. Federal Funding Adjustment	0.0	0	-17,374
2. HB 2012 Pilot Projects	0.0	-995	-995
3. Pension Funding Change	0.0	-5,819	-5,886
4. Integrating Federal Funds	0.0	-17,119	0
Total Policy Changes	0.0	-23,933	-24,255
Total 2003-05 Biennium	1.5	861,198	1,270,835
Difference from 2001-03	0.0	32,272	185,502
% Change from 2001-03	0.0%	3.9%	17.1%

Comments:

1. Federal Funding Adjustment - Due to the integration of federal funds to fund a portion of the increased costs of the special education program (see Integrating Federal Funds), federal spending authority is reduced to reflect estimated federal special education award amounts for the 2003-05 biennium. (General Fund-Federal)

2. HB 2012 Pilot Projects - Under House Bill 2012, Chapter 133, Laws of 2003 (special services pilot projects), two districts will be selected to provide early intensive reading and language assistance to students who are struggling academically. To the extent that the pilot projects are successful in reducing the number of students in special education and therefore reducing state special education expenditures, funding is provided for the pilot projects.

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System (SERS), and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made towards the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. The SERS employer contribution rate includes an increase of 0.01 percent due to the enactment of House Bill 1207, Chapter 402, Laws of 2003 (public employee death benefits).

4. Integrating Federal Funds - Federal funds to Washington state for special education will increase by \$20 million in the 2003-04 school year and an additional \$20 million in the 2004-05 school year. The budget incorporates a portion of the federal funds to pay for some of the increased costs of the special education program. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Public Schools
Educational Service Districts
 (Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	9,328	9,328
2003-05 Carryforward Level	0.0	10,068	10,068
2003-05 Maintenance Level	0.0	10,132	10,132
Policy Changes:			
1. Educational Service Districts	0.0	-2,021	-2,021
2. Teacher Training Coord (ESDs)	0.0	-486	-486
3. Student Teacher Centers (ESDs)	0.0	-486	-486
4. Pension Funding Change	0.0	-64	-64
Total Policy Changes	0.0	-3,057	-3,057
Total 2003-05 Biennium	0.0	7,075	7,075
Difference from 2001-03	0.0	-2,253	-2,253
% Change from 2001-03	0.0%	-24.2%	-24.2%

Comments:

1. Educational Service Districts - State funding for the nine regional Educational Service Districts (ESDs) is reduced. The State Board of Education has the authority to establish the number and boundaries of the ESDs. The Board is encouraged to consider options to reduce the number of ESDs to seven through consolidation.

2. Teacher Training Coord (ESDs) - State funding for teacher training coordination at the Educational Service Districts is eliminated.

3. Student Teacher Centers (ESDs) - State funding for student teacher centers at the Educational Service Districts is eliminated.

4. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System (SERS), and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made towards the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. The SERS employer contribution rate includes an increase of 0.01 percent due to the enactment of House Bill 1207, Chapter 402, Laws of 2003 (public employee death benefits).

2003-05 Omnibus Operating Budget
Public Schools
Levy Equalization
 (Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	295,863	295,863
2003-05 Carryforward Level	0.0	322,381	322,381
2003-05 Maintenance Level	0.0	346,564	346,564
Policy Changes:			
1. Levy Equalization	<u>0.0</u>	<u>-17,255</u>	<u>-17,255</u>
Total Policy Changes	0.0	-17,255	-17,255
Total 2003-05 Biennium	0.0	329,309	329,309
Difference from 2001-03	0.0	33,446	33,446
% Change from 2001-03	0.0%	11.3%	11.3%

Comments:

1. Levy Equalization - For calendar years 2004 and 2005, the state local effort assistance (levy equalization) allocations are reduced by 6.3 percent. This change results in a 5 percent reduction of levy equalization funding for the biennium.

2003-05 Omnibus Operating Budget
Public Schools
Elementary/Secondary School Improv
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	0	201,737
2003-05 Carryforward Level	0.0	0	201,737
2003-05 Maintenance Level	0.0	0	46,198
Total 2003-05 Biennium	0.0	0	46,198
Difference from 2001-03	0.0	0	-155,539
% Change from 2001-03	0.0%	0.0%	-77.1%

Comments:

2003-05 Omnibus Operating Budget
Public Schools
Institutional Education
 (Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	37,731	46,279
2003-05 Carryforward Level	0.0	39,566	39,566
2003-05 Maintenance Level	0.0	37,949	37,949
Policy Changes:			
1. Pension Funding Change	<u>0.0</u>	<u>-261</u>	<u>-261</u>
Total Policy Changes	0.0	-261	-261
Total 2003-05 Biennium	0.0	37,688	37,688
Difference from 2001-03	0.0	-43	-8,591
% Change from 2001-03	0.0%	-0.1%	-18.6%

Comments:

1. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System (SERS), and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made towards the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. The SERS employer contribution rate includes an increase of 0.01 percent due to the enactment of House Bill 1207, Chapter 402, Laws of 2003 (public employee death benefits).

2003-05 Omnibus Operating Budget
Public Schools
Ed of Highly Capable Students
 (Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	12,699	12,699
2003-05 Carryforward Level	0.0	13,434	13,434
2003-05 Maintenance Level	0.0	13,291	13,291
Policy Changes:			
1. Pension Funding Change	<u>0.0</u>	<u>-80</u>	<u>-80</u>
Total Policy Changes	0.0	-80	-80
Total 2003-05 Biennium	0.0	13,211	13,211
Difference from 2001-03	0.0	512	512
% Change from 2001-03	0.0%	4.0%	4.0%

Comments:

1. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System (SERS), and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made towards the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. The SERS employer contribution rate includes an increase of 0.01 percent due to the enactment of House Bill 1207, Chapter 402, Laws of 2003 (public employee death benefits).

2003-05 Omnibus Operating Budget
Public Schools
Student Achievement Program
 (Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	0	391,149
2003-05 Carryforward Level	0.0	0	420,624
2003-05 Maintenance Level	0.0	0	635,142
Policy Changes:			
1. Student Achievement Fund	<u>0.0</u>	<u>0</u>	<u>-236,939</u>
Total Policy Changes	0.0	0	-236,939
Total 2003-05 Biennium	0.0	0	398,203
Difference from 2001-03	0.0	0	7,054
% Change from 2001-03	0.0%	0.0%	1.8%

Comments:

1. Student Achievement Fund - Under Initiative 728, Student Achievement Fund per student allocations to school districts are scheduled to increase from \$211.67 in the 2003-04 school year to \$450 in the 2004-05 school year. In accordance with the provisions Senate Bill 6058 (state property taxes), the per student allocation in the 2004-05 school year will be \$254.00 and will be distributed to school districts based on the apportionment distribution schedule. (Student Achievement Fund-State)

2003-05 Omnibus Operating Budget
Public Schools
Education Reform
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	37.7	67,022	128,093
2003-05 Carryforward Level	37.7	60,102	121,173
2003-05 Maintenance Level	42.7	75,021	203,923
Policy Changes:			
1. Focused Assistance - Schools	0.0	2,600	2,600
2. National Board Certification Bonus	0.0	405	405
3. Summer Institutes	0.0	-460	0
4. General Inflation	0.0	-128	-128
5. Re-Takes for 10th Grade WASLs	0.0	466	466
6. Align & Review WASLs	0.0	300	300
7. Change Goal 2 WASLs	0.0	-2,005	-2,005
8. Eliminate Listening WASL	0.0	-388	-388
9. Develop Alternative Assessments	0.0	75	75
10. Pension Funding Change	0.0	-38	-38
11. Staff Reduc. & Oper. Efficiencies	-2.5	-240	-240
Total Policy Changes	-2.5	587	1,047
Total 2003-05 Biennium	40.2	75,608	204,970
Difference from 2001-03	2.5	8,586	76,877
% Change from 2001-03	5.3%	12.8%	60.0%

Comments:

1. Focused Assistance - Schools - This program combines federal Title I School Improvement funds and state Focused Assistance funds in a collaborative effort with participating districts, schools, and communities to develop long-term capacity for improving student learning. Low-performing schools are eligible to apply for grants and assistance. Each participating school is assigned a facilitator to work with a school improvement team consisting of district and school staff, parents, and community members to develop and implement a school improvement plan and a two-year performance agreement based on both an educational audit and input from staff, parents, and the community. Thirty-eight schools participated in the school improvement process during the 2001-03 biennium using state and federal funds. State funding is provided to assist an additional 30 schools during the 2003-05 biennium.

2. National Board Certification Bonus - The certification process by the National Board for Professional Teaching Standards (NBPTS) requires an educator to demonstrate teaching practices that meet high and rigorous standards. Washington State supports this effort by providing annual \$3,500 bonuses for over 400 national board certified teachers. The current four-year limit on these bonuses will be extended by two years.

4. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

5. Re-Takes for 10th Grade WASLs - Under House Bill 2195 (state academic standards), high school students who are not successful in one or more content areas of the Washington Assessment of Student Learning will have the opportunity to retake the test at no cost to the student, beginning in the fall of 2005. Funding is provided to develop the necessary test items.

6. Align & Review WASLs - Funding is provided for independent research on the alignment and technical review of the reading, writing, and science content areas of the Washington Assessment of Student Learning, as provided by House Bill 2195 (state academic standards).

2003-05 Omnibus Operating Budget
Public Schools
Education Reform

7. Change Goal 2 WASLs - Under House Bill 2195 (state academic standards), the social studies, arts, and health and fitness portions of the Washington Assessment of Student Learning are eliminated pending a report from the Superintendent of Public Instruction in August 2004 that will recommend options to ensure that students learn the essential academic learning requirements in these subjects. Funding is reduced to reflect savings in test development and scoring.

8. Eliminate Listening WASL - As provided in House Bill 2195 (state academic standards), the listening portion of the fourth, seventh, and tenth grade assessments is eliminated.

9. Develop Alternative Assessments - Funding is provided to the Office of the Superintendent of Public Instruction to develop alternative means of assessing high school students who are not successful in one or more areas of the Washington Assessment of Student Learning as required by House Bill 2195 (state academic standards).

10. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

11. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
Public Schools
Transitional Bilingual Instruction
 (Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	87,501	107,781
2003-05 Carryforward Level	0.0	96,943	117,223
2003-05 Maintenance Level	0.0	102,645	148,954
Policy Changes:			
1. Pension Funding Change	<u>0.0</u>	<u>-792</u>	<u>-792</u>
Total Policy Changes	0.0	-792	-792
Total 2003-05 Biennium	0.0	101,853	148,162
Difference from 2001-03	0.0	14,352	40,381
% Change from 2001-03	0.0%	16.4%	37.5%

Comments:

1. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System (SERS), and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made towards the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. The SERS employer contribution rate includes an increase of 0.01 percent due to the enactment of House Bill 1207, Chapter 402, Laws of 2003 (public employee death benefits).

2003-05 Omnibus Operating Budget
Public Schools
Learning Assistance Program (LAP)
 (Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	135,956	266,587
2003-05 Carryforward Level	0.0	132,937	263,568
2003-05 Maintenance Level	0.0	130,200	437,378
Policy Changes:			
1. Pension Funding Change	0.0	-764	-764
Total Policy Changes	0.0	-764	-764
Total 2003-05 Biennium	0.0	129,436	436,614
Difference from 2001-03	0.0	-6,520	170,027
% Change from 2001-03	0.0%	-4.8%	63.8%

Comments:

1. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System (PERS), the School Employees' Retirement System (SERS), and the Teachers' Retirement System (TRS). The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made towards the unfunded liabilities in the PERS and TRS Plans 1 during FY 2004 and FY 2005. The SERS employer contribution rate includes an increase of 0.01 percent due to the enactment of House Bill 1207, Chapter 402, Laws of 2003 (public employee death benefits).

2003-05 Omnibus Operating Budget
Public Schools
Compensation Adjustments
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	380,813	381,004
2003-05 Carryforward Level	0.0	0	0
2003-05 Maintenance Level	0.0	190,563	190,771
Policy Changes:			
1. Cost of Living Increases	0.0	-190,563	-190,771
2. Health Benefits	0.0	116,030	116,483
3. Beginning Teacher Salary Increase	0.0	29,151	29,257
Total Policy Changes	0.0	-45,382	-45,031
Total 2003-05 Biennium	0.0	145,181	145,740
Difference from 2001-03	0.0	-235,632	-235,264
% Change from 2001-03	0.0%	-61.9%	-61.7%

Comments:

1. Cost of Living Increases - The salary increases provided by Initiative 732 are suspended for the 2003-04 and 2004-05 school years, consistent with Senate Bill 6059 (teachers' cost-of-living increases).

2. Health Benefits - Funding is provided to increase the K-12 monthly benefit rate from \$457.07 per employee in the 2002-03 school year to \$481.31 in the 2003-04 school year and to \$570.74 in the 2004-2005 school year. This increases the K-12 funding rates by the same amount as the state employer rates. (General Fund-State, General Fund-Federal)

3. Beginning Teacher Salary Increase - The state uses a salary schedule to allocate funds to school districts for certificated instructional staff salaries. This schedule provides increments for additional experience and education. For the 2002-03 school year, the state-funded annual salary for a beginning teacher is \$28,300. In the 2003-04 school year, funding is provided to increase beginning teachers and second year teacher salaries by an average of 3 percent, 2.5 percent for third year teachers, 1.5 percent for fourth year teachers, 1 percent for fifth year teachers, and .5 percent for sixth and seventh year teachers. In the 2004-05 school year, additional salary increases of the same percentages are provided. An estimated 32 percent of teachers will receive salary increases as a result of these salary schedule adjustments. By the second year of the biennium, a beginning teacher with a BA will be making \$30,023. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Higher Education Coordinating Board
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	74.0	264,344	280,151
2003-05 Carryforward Level	73.1	270,406	286,213
2003-05 Maintenance Level	77.6	276,037	293,394
Policy Changes:			
1. Jefferson County Pilot Project	0.0	350	350
2. State Need Grant Increase	0.5	26,145	26,145
3. Washington Scholars	0.0	1,286	1,286
4. Washington Award for Voc Excellence	0.0	489	489
5. Reduction	-1.2	-232	-232
6. High Demand Enrollments	1.0	8,275	8,275
7. Pension Funding Change	0.0	-43	-57
8. Revolving Funds	0.0	-10	-10
Total Policy Changes	0.3	36,260	36,246
Total 2003-05 Biennium	77.9	312,297	329,640
Difference from 2001-03	3.9	47,953	49,489
% Change from 2001-03	5.4%	18.1%	17.7%

Comments:

1. Jefferson County Pilot Project - Continued funding is provided for a demonstration project to increase opportunities and participation in postsecondary education in rural areas of Jefferson County.

2. State Need Grant Increase - Funding is provided for new enrollments and to keep pace with tuition increases that state universities and colleges may adopt under limits proposed for undergraduate study during the 2003-05 biennium. The effective income cutoff for need grants is 55 percent of the state's median family income.

3. Washington Scholars - Funding is provided to support increased use of state merit awards (24 each year) by students at Washington higher education institutions (\$259,000), and to restore awards to full tuition and fee scholarships (\$1,027,000) for all recipients.

4. Washington Award for Voc Excellence - Funding is provided to support increased use of excellence awards in vocational arts by students enrolling at Washington higher education institutions (\$76,000), and to restore awards to full tuition and fee scholarships (\$413,000) for all recipients.

5. Reduction - The policy and coordination function within the Higher Education Coordinating Board is reduced.

6. High Demand Enrollments - The Board will manage a competitive process to award 500 full-time equivalent (FTE) student enrollments in high-demand fields. Public baccalaureate institutions are eligible to apply for funding and may submit proposals that include cooperative partnerships with private institutions. State funds are budgeted at an average rate of \$11,000 per FTE for instruction. Enrollment contracts will be awarded principally to prepare undergraduates for careers in nursing and other health services, applied science and engineering, teaching and speech pathology, computing and information technology, and viticulture (grape growing) and enology (wine making).

**2003-05 Omnibus Operating Budget
Higher Education Coordinating Board**

7. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal, Advanced College Tuition Payment Program Account-Non-Appropriated)

8. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

2003-05 Omnibus Operating Budget
University of Washington
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	18,017.2	680,044	2,925,910
2003-05 Carryforward Level	17,924.7	663,945	2,909,930
2003-05 Maintenance Level	19,683.0	678,037	3,679,101
Policy Changes:			
1. Waive Less Tuition	0.0	-1,251	0
2. Pension Reduction Correction	0.0	134	134
3. High Demand - Research Match	0.0	2,500	2,500
4. General Inflation	0.0	-3,818	-28,217
5. Recruitment and Retention	0.0	4,622	4,622
6. Facility Maintenance and Operations	0.0	4,777	4,777
7. Operating Cost Reduction	0.0	-41,927	-26,709
8. Building Maintenance to Capital	0.0	-20,108	-20,108
9. Pension Funding Change	0.0	-1,076	-1,086
10. Shellfish Biotoxin Monitoring	1.1	0	300
11. Health Benefits	0.0	9,498	9,651
12. Revolving Funds	0.0	-176	-232
Total Policy Changes	1.1	-46,825	-54,368
Total 2003-05 Biennium	19,684.1	631,212	3,624,733
Difference from 2001-03	1,666.9	-48,832	698,823
% Change from 2001-03	9.3%	-7.2%	23.9%

Comments:

1. Waive Less Tuition - Overall tuition waiver activity in FY 2005 is reduced. It is assumed that universities and colleges will replace this general fund reduction with tuition collected from enrolled students. This budget action is exercised pursuant to authority and discretion granted to the Legislature under RCW 28B.15.910. (General Fund-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

2. Pension Reduction Correction - In the 2002 supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System (DRS) plans. However, some higher education employees are in retirement plans that are not managed by the DRS. As a result, the reductions for higher education institutions were too high. This item restores part of the General Fund-State reduction.

3. High Demand - Research Match - Funding is provided as state match to attract or retain federal research grants in high demand and technologically advanced fields.

4. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)

5. Recruitment and Retention - Funding is provided for competitive salary adjustments or offers to attract and retain quality faculty and staff.

6. Facility Maintenance and Operations - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium.

2003-05 Omnibus Operating Budget
University of Washington

7. Operating Cost Reduction - A state general fund reduction is made that may be partially offset by increasing tuition rates by 7 percent each academic year for resident undergraduate students. (General Fund-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

8. Building Maintenance to Capital - Funding for routine maintenance and preventive inspections, mechanical adjustments, and minor work to replace or repair building systems, surfaces, or materials is shifted to the capital budget. This sum will be replaced with non-bond capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition, until the state chooses to modernize, renovate, or replace them.

9. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, Medical Aid Account-State, Accident Account-State)

10. Shellfish Biotxin Monitoring - Funding is provided for shellfish biotoxin monitoring by the Olympic region harmful algal bloom program of the Olympic Natural Resources Center pursuant to Chapter 263, Laws of 2003 (SSB 6073). (General Fund-Local)

11. Health Benefits - The employer contribution rate is increased from \$482.38 in FY 2003 to \$504.89 in FY 2004 and \$592.30 in FY 2005. At these rates, premium inflation is expected to average 15.5 percent a year and the employee contributions average 16.3 percent of the total premium in both fiscal years. These rates also assume an increase in co-payments from \$10 to \$15 for office visits. (General Fund-State, Medical Aid Account-State, Accident Account-State)

12. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, Institutions of Higher Education-Dedicated Local Account-Non-Appropriated)

2003-05 Omnibus Operating Budget
Washington State University
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	5,511.7	395,880	818,035
2003-05 Carryforward Level	5,472.2	387,499	809,654
2003-05 Maintenance Level	5,585.8	392,682	875,419
Policy Changes:			
1. Waive Less Tuition	0.0	-564	0
2. Pension Reduction Correction	0.0	74	74
3. Veterinary Student Enrollment	0.0	1,521	1,844
4. Wine Industry Education Partnership	0.0	837	987
5. General Inflation	0.0	-1,313	-5,206
6. Recruitment and Retention	0.0	2,876	2,876
7. Facility Maintenance and Operations	0.0	1,236	1,236
8. Operating Cost Reduction	0.0	-20,678	-11,199
9. Building Maintenance to Capital	0.0	-7,876	-7,876
10. Pension Funding Change	0.0	-662	-662
11. Engineering & Science Institute	8.0	1,350	1,350
12. Health Benefits	0.0	5,833	5,833
13. Revolving Funds	0.0	-142	-142
14. Self-Insurance Premiums	0.0	45	45
Total Policy Changes	8.0	-17,463	-10,840
Total 2003-05 Biennium	5,593.8	375,219	864,579
Difference from 2001-03	82.1	-20,661	46,544
% Change from 2001-03	1.5%	-5.2%	5.7%

Comments:

1. Waive Less Tuition - Overall tuition waiver activity in FY 2005 is reduced. It is assumed that universities and colleges will replace this general fund reduction with tuition collected from enrolled students. This budget action is exercised pursuant to authority and discretion granted to the Legislature under RCW 28B.15.910. (General Fund-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

2. Pension Reduction Correction - In the 2002 supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System (DRS) plans. However, some higher education employees are in retirement plans that are not managed by the DRS. As a result, the reductions for higher education institutions were too high. This item restores part of the General Fund-State reduction.

3. Veterinary Student Enrollment - Due to declining participation by Oregon State University, funding is provided to expand the size of the entering professional veterinary medicine class by 16 resident students each academic year during the 2003-05 biennium. (General Fund-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

**2003-05 Omnibus Operating Budget
Washington State University**

4. Wine Industry Education Partnership - Funding is provided to develop a comprehensive viticulture (grape growing) and enology (wine making) program that supports career path opportunities for Washington residents. The University's share of this \$1 million state investment (also see Agency 699 - State Board for Community & Technical Colleges) is primarily for extension field personnel and services on an ongoing basis. One-time support of \$477,000 is provided in FY 2004 to serve as a bridge so that WSU may hire and make joint faculty appointments for the benefit of programs in Pullman and Tri-Cities until permanent funding is secured by a successful application for high-demand instructional support from the Higher Education Coordinating Board. Building funds are appropriated to equip and renovate a Tri-Cities branch campus wet lab. (General Fund-State, Washington State University Capital Projects Account-State)

5. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)

6. Recruitment and Retention - Funding is provided for competitive salary adjustments or offers to attract and retain quality faculty and staff.

7. Facility Maintenance and Operations - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium. Additional funds are also provided for newly authorized capital projects that expand facility maintenance and operation requirements by adding square footage that is expected to be occupied before June 30, 2005.

8. Operating Cost Reduction - A state general fund reduction is made that may be partially offset by increasing tuition rates by 7 percent each academic year for resident undergraduate students. (General Fund-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

9. Building Maintenance to Capital - Funding for routine maintenance and preventive inspections, mechanical adjustments, and minor work to replace or repair building systems, surfaces, or materials is shifted to the capital budget. This sum will be replaced with non-bond capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition, until the state chooses to modernize, renovate, or replace them.

10. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

11. Engineering & Science Institute - Operating support is provided to enable Washington State University-Vancouver, Clark College, and Lower Columbia Community College to execute a regional partnership that will create an Institute for Engineering & Science in southwest Washington. Additional resources have been appropriated to the State Board for Community and Technical Colleges (see Agency 699) to prepare 168 FTE associate degree students for eventual transfer completion of baccalaureate degree programs in applied science, technology, and engineering.

12. Health Benefits - The employer contribution rate is increased from \$482.38 in FY 2003 to \$504.89 in FY 2004 and \$592.30 in FY 2005. At these rates, premium inflation is expected to average 15.5 percent a year and the employee contributions average 16.3 percent of the total premium in both fiscal years. These rates also assume an increase in co-payments from \$10 to \$15 for office visits.

13. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

14. Self-Insurance Premiums - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the University's self-insurance premium in the 2003-05 biennium.

2003-05 Omnibus Operating Budget
Eastern Washington University
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	1,153.4	89,676	163,164
2003-05 Carryforward Level	1,142.4	87,692	161,180
2003-05 Maintenance Level	1,142.4	88,103	162,072
Policy Changes:			
1. Waive Less Tuition	0.0	-85	0
2. Pension Reduction Correction	0.0	18	18
3. General Inflation	0.0	-207	-688
4. Recruitment and Retention	0.0	751	751
5. Facility Maintenance and Operations	1.0	318	318
6. Operating Cost Reduction	0.0	-6,006	-2,424
7. Building Maintenance to Capital	0.0	-1,726	-1,726
8. Pension Funding Change	0.0	-154	-154
9. Health Benefits	0.0	1,438	1,438
10. Revolving Funds	0.0	-22	-22
11. Self-Insurance Premiums	0.0	616	616
Total Policy Changes	1.0	-5,059	-1,873
Total 2003-05 Biennium	1,143.4	83,044	160,199
Difference from 2001-03	-10.0	-6,632	-2,965
% Change from 2001-03	-0.9%	-7.4%	-1.8%

Comments:

1. Waive Less Tuition - Overall tuition waiver activity in FY 2005 is reduced. It is assumed that universities and colleges will replace this general fund reduction with tuition collected from enrolled students. This budget action is exercised pursuant to authority and discretion granted to the Legislature under RCW 28B.15.910. (General Fund-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

2. Pension Reduction Correction - In the 2002 supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System (DRS) plans. However, some higher education employees are in retirement plans that are not managed by the DRS. As a result, the reductions for higher education institutions were too high. This item restores part of the General Fund-State reduction.

3. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)

4. Recruitment and Retention - Funding is provided for competitive salary adjustments or offers to attract and retain quality faculty and staff.

5. Facility Maintenance and Operations - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium. Additional funds are also provided for newly authorized capital projects that expand facility maintenance and operation requirements by adding square footage that is expected to be occupied before June 30, 2005.

6. Operating Cost Reduction - A state general fund reduction is made that may be partially offset by increasing tuition rates by 7 percent each academic year for resident undergraduate students. (General Fund-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

**2003-05 Omnibus Operating Budget
Eastern Washington University**

7. Building Maintenance to Capital - Funding for routine maintenance and preventive inspections, mechanical adjustments, and minor work to replace or repair building systems, surfaces, or materials is shifted to the capital budget. This sum will be replaced with non-bond capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition, until the state chooses to modernize, renovate, or replace them.

8. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

9. Health Benefits - The employer contribution rate is increased from \$482.38 in FY 2003 to \$504.89 in FY 2004 and \$592.30 in FY 2005. At these rates, premium inflation is expected to average 15.5 percent a year and the employee contributions average 16.3 percent of the total premium in both fiscal years. These rates also assume an increase in co-payments from \$10 to \$15 for office visits.

10. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

11. Self-Insurance Premiums - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the University's self-insurance premium in the 2003-05 biennium.

2003-05 Omnibus Operating Budget
Central Washington University
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	1,053.9	86,046	175,623
2003-05 Carryforward Level	1,045.7	83,200	172,777
2003-05 Maintenance Level	1,111.7	83,837	180,433
Policy Changes:			
1. Waive Less Tuition	0.0	-53	0
2. Pension Reduction Correction	0.0	16	16
3. General Inflation	0.0	-29	-580
4. Recruitment and Retention	0.0	624	624
5. Facility Maintenance and Operations	0.0	67	67
6. Operating Cost Reduction	0.0	-5,390	-1,608
7. Building Maintenance to Capital	0.0	-1,886	-1,886
8. Enrollment Stabilization & Recovery	7.6	2,100	2,100
9. Pension Funding Change	0.0	-120	-120
10. Health Benefits	0.0	1,568	1,568
11. Revolving Funds	0.0	-50	-50
12. Self-Insurance Premiums	0.0	472	472
Total Policy Changes	7.6	-2,681	603
Total 2003-05 Biennium	1,119.3	81,156	181,036
Difference from 2001-03	65.4	-4,890	5,413
% Change from 2001-03	6.2%	-5.7%	3.1%

Comments:

1. Waive Less Tuition - Overall tuition waiver activity in FY 2005 is reduced. It is assumed that universities and colleges will replace this general fund reduction with tuition collected from enrolled students. This budget action is exercised pursuant to authority and discretion granted to the Legislature under RCW 28B.15.910. (General Fund-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

2. Pension Reduction Correction - In the 2002 supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System (DRS) plans. However, some higher education employees are in retirement plans that are not managed by the DRS. As a result, the reductions for higher education institutions were too high. This item restores part of the General Fund-State reduction.

3. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)

4. Recruitment and Retention - Funding is provided for competitive salary adjustments or offers to attract and retain quality faculty and staff.

5. Facility Maintenance and Operations - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium.

6. Operating Cost Reduction - A state general fund reduction is made that may be partially offset by increasing tuition rates by 7 percent each academic year for resident undergraduate students. (General Fund-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

**2003-05 Omnibus Operating Budget
Central Washington University**

7. Building Maintenance to Capital - Funding for routine maintenance and preventive inspections, mechanical adjustments, and minor work to replace or repair building systems, surfaces, or materials is shifted to the capital budget. This sum will be replaced with non-bond capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition, until the state chooses to modernize, renovate, or replace them.

8. Enrollment Stabilization & Recovery - Funding is provided to partially restore state funded full-time equivalent (FTE) students that were deducted from the budgeted base in 2001, because enrollment has been fully recovered. This funding will provide for 196 additional FTE students during the 2003-05 biennium.

9. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

10. Health Benefits - The employer contribution rate is increased from \$482.38 in FY 2003 to \$504.89 in FY 2004 and \$592.30 in FY 2005. At these rates, premium inflation is expected to average 15.5 percent a year and the employee contributions average 16.3 percent of the total premium in both fiscal years. These rates also assume an increase in co-payments from \$10 to \$15 for office visits.

11. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

12. Self-Insurance Premiums - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the University's self-insurance premium in the 2003-05 biennium.

2003-05 Omnibus Operating Budget
The Evergreen State College
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	632.3	49,780	89,091
2003-05 Carryforward Level	623.1	48,328	87,639
2003-05 Maintenance Level	634.8	49,767	92,715
Policy Changes:			
1. Waive Less Tuition	0.0	-33	0
2. Pension Reduction Correction	0.0	8	8
3. General Inflation	0.0	0	-356
4. Recruitment and Retention	0.0	376	376
5. Facility Maintenance and Operations	0.0	260	260
6. Operating Cost Reduction	0.0	-4,389	-2,843
7. Building Maintenance to Capital	0.0	-584	-584
8. Pension Funding Change	0.0	-109	-109
9. Charter Schools Study	0.0	50	50
10. Juvenile Offender Sentencing	0.0	26	26
11. Standards for Release of Offenders	0.0	24	24
12. WSIPP Youth Intervention Study	0.0	110	110
13. Prison Capacity Study	0.0	100	100
14. Health Benefits	0.0	907	907
15. Revolving Funds	0.0	-14	-14
Total Policy Changes	0.0	-3,268	-2,045
Total 2003-05 Biennium	634.8	46,499	90,670
Difference from 2001-03	2.5	-3,281	1,579
% Change from 2001-03	0.5%	-6.6%	1.8%

Comments:

1. Waive Less Tuition - Overall tuition waiver activity in FY 2005 is reduced. It is assumed that universities and colleges will replace this general fund reduction with tuition collected from enrolled students. This budget action is exercised pursuant to authority and discretion granted to the Legislature under RCW 28B.15.910. (General Fund-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

2. Pension Reduction Correction - In the 2002 supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System (DRS) plans. However, some higher education employees are in retirement plans that are not managed by the DRS. As a result, the reductions for higher education institutions were too high. This item restores part of the General Fund-State reduction.

3. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Various funds)

4. Recruitment and Retention - Funding is provided for competitive salary adjustments or offers to attract and retain quality faculty and staff.

5. Facility Maintenance and Operations - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium.

**2003-05 Omnibus Operating Budget
The Evergreen State College**

6. Operating Cost Reduction - A state general fund reduction is made that may be partially offset by increasing tuition rates by 7 percent each academic year for resident undergraduate students. (General Fund-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

7. Building Maintenance to Capital - Funding for routine maintenance and preventive inspections, mechanical adjustments, and minor work to replace or repair building systems, surfaces, or materials is shifted to the capital budget. This sum will be replaced with non-bond capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition, until the state chooses to modernize, renovate, or replace them.

8. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

9. Charter Schools Study - Funding is provided for the implementation of Substitute Senate Bill 5012 (charter schools) which provides for the establishment of a limited number of charter schools. Specifically, the Washington State Institute for Public Policy will conduct an evaluation of the process used to establish charter schools, as well as outcomes.

10. Juvenile Offender Sentencing - Funding is provided for the Washington State Institute for Public Policy to develop adherence and outcome standards for measuring the effectiveness of treatment programs referred to in Chapter 378, Laws of 2003 (ESSB 5903). The Institute shall present its conclusions and recommend standards to the Governor and Legislature by no later than January 1, 2004.

11. Standards for Release of Offenders - Funding is provided for the Washington State Institute for Public Policy to study the results of the changes in "earned release" under Chapter 379, Laws of 2003 (ESSB 5990). The study shall determine whether the new policy affects the rate of recidivism or the type of offenses committed by persons whose release dates were affected by the new law. The Institute shall report its findings to the Governor and appropriate legislative committees by no later than December 1, 2008.

12. WSIPP Youth Intervention Study - Funding is provided for the Washington State Institute for Public Policy to review research assessing the effectiveness of prevention and early intervention programs concerning children and youth, including programs designed to reduce the at-risk behaviors for children and youth identified in RCW 70.190.010(4).

13. Prison Capacity Study - Funding is provided for the Washington State Institute for Public Policy to conduct a study of the relationship between prison overcrowding and construction, and the current state criminal sentencing structure. The Institute will present preliminary findings to the Governor and to the Legislature by December 15, 2003, and a final report by March 15, 2004.

14. Health Benefits - The employer contribution rate is increased from \$482.38 in FY 2003 to \$504.89 in FY 2004 and \$592.30 in FY 2005. At these rates, premium inflation is expected to average 15.5 percent a year and the employee contributions average 16.3 percent of the total premium in both fiscal years. These rates also assume an increase in co-payments from \$10 to \$15 for office visits.

15. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

2003-05 Omnibus Operating Budget
Spokane Intercol Rsch & Tech Inst
(Dollars in Thousands)

	Conference Proposal		Total
	FTEs	GF-S	
2001-03 Estimated Expenditures	19.1	2,941	4,268
2003-05 Carryforward Level	19.1	2,822	4,149
2003-05 Maintenance Level	18.1	2,835	2,937
Policy Changes:			
1. General Inflation	0.0	-21	-23
2. Pension Funding Change	0.0	-14	-14
3. Health Benefits	0.0	24	24
4. Revolving Funds	0.0	-2	-2
Total Policy Changes	0.0	-13	-15
Total 2003-05 Biennium	18.1	2,822	2,922
Difference from 2001-03	-1.0	-119	-1,346
% Change from 2001-03	-5.3%	-4.0%	-31.5%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, Institutions of Higher Education-Dedicated Local Account-Non-Appropriated)

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

3. Health Benefits - The employer contribution rate is increased from \$482.38 in FY 2003 to \$504.89 in FY 2004 and \$592.30 in FY 2005. At these rates, premium inflation is expected to average 15.5 percent a year and the employee contributions average 16.3 percent of the total premium in both fiscal years. These rates also assume an increase in co-payments from \$10 to \$15 for office visits.

4. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

2003-05 Omnibus Operating Budget
Western Washington University
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	1,562.9	118,025	235,795
2003-05 Carryforward Level	1,554.7	115,843	233,613
2003-05 Maintenance Level	1,604.8	117,852	258,073
Policy Changes:			
1. Waive Less Tuition	0.0	-107	0
2. Pension Reduction Correction	0.0	22	22
3. General Inflation	0.0	0	-949
4. Recruitment and Retention	0.0	751	751
5. Facility Maintenance and Operations	0.0	272	272
6. Operating Cost Reduction	0.0	-8,389	-2,792
7. Building Maintenance to Capital	0.0	-2,814	-2,814
8. Pension Funding Change	0.0	-225	-225
9. Health Benefits	0.0	1,852	1,852
10. Revolving Funds	0.0	-32	-32
Total Policy Changes	0.0	-8,670	-3,915
Total 2003-05 Biennium	1,604.8	109,182	254,158
Difference from 2001-03	41.9	-8,843	18,363
% Change from 2001-03	2.7%	-7.5%	7.8%

Comments:

1. Waive Less Tuition - Overall tuition waiver activity in FY 2005 is reduced. It is assumed that universities and colleges will replace this general fund reduction with tuition collected from enrolled students. This budget action is exercised pursuant to authority and discretion granted to the Legislature under RCW 28B.15.910. (General Fund-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

2. Pension Reduction Correction - In the 2002 supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System (DRS) plans. However, some higher education employees are in retirement plans that are not managed by the DRS. As a result, the reductions for higher education institutions were too high. This item restores part of the General Fund-State reduction.

3. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (Various funds)

4. Recruitment and Retention - Funding is provided for competitive salary adjustments or offers to attract and retain quality faculty and staff.

5. Facility Maintenance and Operations - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium. Additional funds are also provided for newly authorized capital projects that expand facility maintenance and operation requirements by adding square footage that is expected to be occupied before June 30, 2005.

6. Operating Cost Reduction - A state general fund reduction is made that may be partially offset by increasing tuition rates by 7 percent each academic year for resident undergraduate students. (General Fund-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

**2003-05 Omnibus Operating Budget
Western Washington University**

7. Building Maintenance to Capital - Funding for routine maintenance and preventive inspections, mechanical adjustments, and minor work to replace or repair building systems, surfaces, or materials is shifted to the capital budget. This sum will be replaced with non-bond capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition, until the state chooses to modernize, renovate, or replace them.

8. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

9. Health Benefits - The employer contribution rate is increased from \$482.38 in FY 2003 to \$504.89 in FY 2004 and \$592.30 in FY 2005. At these rates, premium inflation is expected to average 15.5 percent a year and the employee contributions average 16.3 percent of the total premium in both fiscal years. These rates also assume an increase in co-payments from \$10 to \$15 for office visits.

10. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

2003-05 Omnibus Operating Budget
Community/Technical College System
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	13,966.4	1,050,517	1,759,281
2003-05 Carryforward Level	13,854.6	1,042,451	1,741,615
2003-05 Maintenance Level	13,923.2	1,070,702	1,909,282
Policy Changes:			
1. Waive Less Tuition	0.0	-3,553	0
2. Job Skills Program	0.0	-1,135	1,815
3. Pension Reduction Correction	0.0	168	168
4. Alliance for Corporate Education	1.0	0	250
5. High Demand	0.0	12,609	12,609
6. Wine Industry Education Partnership	0.0	197	197
7. General Inflation	0.0	-2,236	-8,289
8. Initiative 732 COLA	0.0	-16,791	-16,791
9. Part-Time Faculty Compensation	0.0	2,500	2,500
10. Facility Maintenance and Operations	0.0	4,489	4,489
11. Full-Time Faculty Compensation	0.0	2,500	2,500
12. Operating Cost Reduction	0.0	-44,235	-16,716
13. Building Maintenance to Capital	0.0	-17,754	-17,754
14. Pension Funding Change	0.0	-2,034	-2,034
15. Pipeline to BS-Engineer & Sci-Techn	3.0	1,350	1,350
16. Health Benefits	0.0	17,095	17,095
17. Revolving Funds	0.0	-154	-154
18. Self-Insurance Premiums	0.0	2,096	2,096
Total Policy Changes	4.0	-44,888	-16,669
Total 2003-05 Biennium	13,927.2	1,025,814	1,892,613
Difference from 2001-03	-39.2	-24,703	133,332
% Change from 2001-03	-0.3%	-2.4%	7.6%

Comments:

1. Waive Less Tuition - Overall tuition waiver activity in FY 2005 is reduced. It is assumed that universities and colleges will replace this general fund reduction with tuition collected from enrolled students. This budget action is exercised pursuant to authority and discretion granted to the Legislature under RCW 28B.15.910. (General Fund-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)

2. Job Skills Program - Non-general funding is provided to expand the availability of job skills grants during the 2003-05 biennium. The Job Skills Program supports up to half of the total cost of customized training, with participating companies providing a dollar-for-dollar cash or in-kind match. The State Board shall provide an annual report by January 1 of each fiscal year to the Governor and the appropriate policy and fiscal committees of the Legislature on the implementation of this appropriation and distribution of state funds by educational sector and region of the state. (General Fund-State, Administrative Contingency Account-State)

3. Pension Reduction Correction - In the 2002 supplemental budget, the pension allotment reduction was calculated on the assumption that all higher education employees are in Department of Retirement System (DRS) plans. However, some higher education employees are in retirement plans that are not managed by the DRS. As a result, the reductions for higher education institutions were too high. This item restores part of the General Fund-State reduction.

2003-05 Omnibus Operating Budget Community/Technical College System

- 4. Alliance for Corporate Education** - One-time funding is provided to seed the creation of a partnership between 17 college districts who have formed an alliance to simplify and provide a single-source of contact for corporations seeking to out-source job skills training. (Administrative Contingency Account-State)
- 5. High Demand** - Funding is provided solely to expand enrollment in high-demand fields. High-demand fields include health services, viticulture and enology, applied science and engineering, and expansion of worker retraining programs. The State Board will manage a competitive process for awarding high demand resources.
- 6. Wine Industry Education Partnership** - Funding is provided for allocation to Walla Walla, Yakima Valley and Wenatchee college districts for equipment, supplies, and program adaptations to develop a comprehensive, more expansive viticulture (grape growing) and enology (wine making) higher education program supporting career-path opportunities for Washington residents. The colleges are encouraged to apply for a portion of high-demand enrollment funding made available on a competitive basis through the State Board to address their respective need for additional instructors or professional staff.
- 7. General Inflation** - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, various other funds)
- 8. Initiative 732 COLA** - Implementation of Initiative 732 cost-of-living adjustment (COLA) increases for selected community and technical college staff are suspended for the 2003-05 biennium. (General Fund-State, Institutions of Higher Education Operating Fees Account-Non-Appropriated)
- 9. Part-Time Faculty Compensation** - Funding is provided to increase the statewide average compensation of part-time faculty at state community and technical colleges. The State Board will report on the distribution of state funds and wage adjustments for part-time faculty to the fiscal and higher education committees of the Legislature by January 30, 2004.
- 10. Facility Maintenance and Operations** - Funding is provided to maintain existing buildings and preserve related infrastructure during the 2003-05 biennium, as well as for newly authorized capital projects that expand facility maintenance and operation requirements by adding square footage that is expected to be occupied before June 30, 2005. Funds are also provided to maintain and operate new facilities whose construction was principally financed with local or private funds for which the state provided matching funds through the capital budget.
- 11. Full-Time Faculty Compensation** - Funding is provided for incremental salary adjustments for full-time faculty. State general fund appropriations may be used in combination with turnover savings for this purpose.
- 12. Operating Cost Reduction** - A state general fund reduction is made that may be partially offset by increasing tuition rates by 7 percent each academic year for resident undergraduate students. (General Fund-State, Institutions of Higher Education-Operating Fees Account-Non-Appropriated)
- 13. Building Maintenance to Capital** - Funding for routine maintenance and preventive inspections, mechanical adjustments, and minor work to replace or repair building systems, surfaces, or materials is shifted to the capital budget. This sum will be replaced with non-bond capital funds to sustain levels of investment necessary to keep the current inventory of buildings in "superior" to "good" working condition, until the state chooses to modernize, renovate, or replace them.
- 14. Pension Funding Change** - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

**2003-05 Omnibus Operating Budget
Community/Technical College System**

15. Pipeline to BS-Engineer & Sci-Techn - Funding is provided for allocation to Clark and Lower Columbia College to enroll and prepare 168 FTE associate degree students for transfer to engineering and applied science-technology degree programs offered by Washington State University in Vancouver. Preparation of students may be accomplished together with other private or border-state accredited post-secondary institutions.

16. Health Benefits - The employer contribution rate is increased from \$482.38 in FY 2003 to \$504.89 in FY 2004 and \$592.30 in FY 2005. At these rates, premium inflation is expected to average 15.5 percent a year and the employee contributions average 16.3 percent of the total premium in both fiscal years. These rates also assume an increase in co-payments from \$10 to \$15 for office visits.

17. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

18. Self-Insurance Premiums - State agencies pay an annual self-insurance premium to fund the state's Self-Insurance Liability Program. This program is responsible for paying costs related to tort lawsuits associated with state agency programs. An agency's self-insurance premium is based on factors such as past and current claims experience, the agency staffing levels, and estimated obligations. This item reflects the increased amount for the Community and Technical College's self-insurance premium in the 2003-05 biennium.

2003-05 Omnibus Operating Budget
State School for the Blind
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	80.0	9,257	10,511
2003-05 Carryforward Level	81.5	9,217	10,552
2003-05 Maintenance Level	84.5	9,587	10,922
Policy Changes:			
1. General Inflation	0.0	-54	-54
2. Initiative 732 COLA	0.0	-92	-92
3. Pension Funding Change	0.0	-63	-63
4. Revolving Funds	0.0	14	14
5. Staff Reduc. & Oper. Efficiencies	-2.4	-137	-137
Total Policy Changes	-2.4	-332	-332
Total 2003-05 Biennium	82.2	9,255	10,590
Difference from 2001-03	2.2	-2	79
% Change from 2001-03	2.5%	0.0%	0.8%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Initiative 732 COLA - The salary increases provided by Initiative 732 are suspended for the 2003-04 and 2004-05 school years, consistent with Senate Bill 6059 (teachers' cost-of-living increases).

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

4. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

5. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
State School for the Deaf
(Dollars in Thousands)

	Conference Proposal		Total
	FTEs	GF-S	
2001-03 Estimated Expenditures	130.5	15,307	15,539
2003-05 Carryforward Level	131.0	15,236	15,236
2003-05 Maintenance Level	128.0	15,586	15,586
Policy Changes:			
1. General Inflation	0.0	-83	-83
2. Initiative 732 COLA	0.0	-101	-101
3. Outreach Services	0.0	0	232
4. Pension Funding Change	0.0	-86	-86
5. Revolving Funds	0.0	18	18
6. Staff Reduc. & Oper. Efficiencies	-3.6	-197	-197
Total Policy Changes	-3.6	-449	-217
Total 2003-05 Biennium	124.4	15,137	15,369
Difference from 2001-03	-6.1	-170	-170
% Change from 2001-03	-4.6%	-1.1%	-1.1%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Initiative 732 COLA - The salary increases provided by Initiative 732 are suspended for the 2003-04 and 2004-05 school years, consistent with Senate Bill 6059 (teachers' cost-of-living increases).

3. Outreach Services - Spending authority from local funds is provided for the School for the Deaf to conduct additional outreach services to school districts. The school provides evaluations, consultations, training, technical information, and clinical resources to deaf and hard-of-hearing students in public schools, their families, and the staff members who serve them. (General Fund-Private/Local)

4. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

5. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

6. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
Work Force Trng & Educ Coord Board
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	24.0	3,450	48,952
2003-05 Carryforward Level	23.9	3,336	48,837
2003-05 Maintenance Level	23.9	3,375	57,694
Policy Changes:			
1. General Inflation	0.0	-21	-27
2. Pension Funding Change	0.0	-14	-22
3. Revolving Funds	0.0	6	8
4. Staff Reduc. & Oper. Efficiencies	-1.1	-64	-82
Total Policy Changes	-1.1	-93	-123
Total 2003-05 Biennium	22.8	3,282	57,571
Difference from 2001-03	-1.2	-168	8,619
% Change from 2001-03	-4.2%	-4.9%	17.6%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)

2. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, General Fund-Federal)

3. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, General Fund-Federal)

4. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs. (General Fund-State, General Fund-Federal)

2003-05 Omnibus Operating Budget
Washington State Arts Commission
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	18.4	5,715	6,718
2003-05 Carryforward Level	18.1	5,610	6,610
2003-05 Maintenance Level	18.1	5,654	6,682
Policy Changes:			
1. General Inflation	0.0	-14	-16
2. Program Reductions	-1.5	-1,080	-1,080
3. Pension Funding Change	0.0	-14	-14
4. Revolving Funds	0.0	10	10
5. Staff Reduc. & Oper. Efficiencies	-0.1	-56	-56
Total Policy Changes	-1.6	-1,154	-1,156
Total 2003-05 Biennium	16.6	4,500	5,526
Difference from 2001-03	-1.8	-1,215	-1,192
% Change from 2001-03	-5.6%	-21.3%	-17.7%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, General Fund-Federal)

2. Program Reductions - The Commission's budget is reduced by 19 percent from maintenance level as a general activity cut. The Commission shall use its managerial discretion to reduce spending in those areas that will have the least impact on implementing its mission.

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

4. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

5. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
Washington State Historical Society
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	54.6	6,034	7,594
2003-05 Carryforward Level	53.6	5,547	8,089
2003-05 Maintenance Level	53.6	5,682	8,265
Policy Changes:			
1. Lewis & Clark	0.0	20	20
2. General Inflation	0.0	-45	-76
3. Program/Activity Reductions	0.0	-560	-330
4. Pension Funding Change	0.0	-26	-30
5. Revolving Funds	0.0	8	10
6. Staff Reduc. & Oper. Efficiencies	-2.3	-212	-212
Total Policy Changes	-2.3	-815	-618
Total 2003-05 Biennium	51.4	4,867	7,647
Difference from 2001-03	-3.2	-1,167	53
% Change from 2001-03	-7.3%	-19.3%	0.7%

Comments:

1. Lewis & Clark - Funding is provided to support Washington's advisory committee in preparations for inaugural events, celebrating the 200th anniversary of the Lewis and Clark Expedition from January 2003 through the early fall of 2006.

2. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, Local Museum Account-Non-Appropriated)

3. Program/Activity Reductions - State general fund support for the Historical Society's budget is reduced by 10 percent from maintenance level as a general activity cut. The Historical Society shall use its managerial discretion to reduce spending in those areas that will have the least impact on implementing its mission. (General Fund-State, Local Museum Account-Non-Appropriated)

4. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005. (General Fund-State, Local Museum Account-Non-Appropriated)

5. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services. (General Fund-State, Local Museum Account-Non-Appropriated)

6. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
East Wash State Historical Society
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	25.2	3,224	3,224
2003-05 Carryforward Level	24.7	3,017	3,017
2003-05 Maintenance Level	24.7	3,311	3,311
Policy Changes:			
1. General Inflation	0.0	-25	-25
2. Program Reductions	0.0	-291	-291
3. Pension Funding Change	0.0	-16	-16
4. Revolving Funds	0.0	12	12
5. Staff Reduc. & Oper. Efficiencies	-1.2	-100	-100
Total Policy Changes	-1.2	-420	-420
Total 2003-05 Biennium	23.5	2,891	2,891
Difference from 2001-03	-1.7	-333	-333
% Change from 2001-03	-4.0%	-10.3%	-10.3%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission.

2. Program Reductions - The Historical Society's budget is reduced by nine percent from maintenance level as a general activity cut. The Historical Society shall use its managerial discretion to reduce spending in those areas that will have the least impact on implementing its mission.

3. Pension Funding Change - Savings are achieved by adopting a new actuarial method for smoothing returns on assets for the Public Employees' Retirement System, the School Employees' Retirement System, and the Teachers' Retirement System. The new method varies the length of smoothing of a particular year's gain or loss depending on the difference from the actuarially assumed rate of investment return. In addition, no contributions will be made toward the unfunded liabilities in the Public Employees' and Teachers' Retirement System Plans 1 during FY 2004 and FY 2005.

4. Revolving Funds - Funding levels for services provided by other state agencies, such as the Attorney General, are adjusted to reflect what those agencies are expected to bill for their services.

5. Staff Reduc. & Oper. Efficiencies - In order to attain administrative efficiencies, agency budgets are reduced for FTE staff years, salaries, benefits, and other operating costs.

2003-05 Omnibus Operating Budget
Bond Retirement and Interest
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	1,251,110	1,432,580
2003-05 Carryforward Level	0.0	1,306,985	1,488,455
2003-05 Maintenance Level	0.0	1,227,608	1,413,853
Policy Changes:			
1. General Inflation	0.0	-18	-130
2. New Debt 2003-05 Capital Budget	0.0	21,661	25,884
Total Policy Changes	0.0	21,643	25,754
Total 2003-05 Biennium	0.0	1,249,251	1,439,607
Difference from 2001-03	0.0	-1,859	7,027
% Change from 2001-03	0.0%	-0.1%	0.5%

Comments:

1. General Inflation - Agencies are required to find sufficient efficiencies in their operations to cover the cost of inflation in the goods, services, and supplies needed for performance of their mission. (General Fund-State, State Building Construction Account-State)

2. New Debt 2003-05 Capital Budget - Debt service and bond sale expenses will be incurred for new debt issued to fund the 2003-05 capital budget. (General Fund-State, State Building Construction Account-State, State Taxable Building Construction Account-State)

2003-05 Omnibus Operating Budget
Special Approps to the Governor
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	107,369	209,014
2003-05 Carryforward Level	0.0	0	0
2003-05 Maintenance Level	0.0	22,636	74,636
Policy Changes:			
1. Liability Account	0.0	-10,638	-10,638
2. Extraordinary Crim Justice Costs	0.0	0	766
3. Legislative Liaisons	0.0	-3,257	-3,257
4. Travel, Equipment, Contracts	0.0	-20,000	-20,000
5. I-695 Backfill for Counties	0.0	0	5,000
6. I-695 Backfill for Cities	0.0	0	5,000
7. Higher Education Enrollments	0.0	6,251	6,251
Total Policy Changes	0.0	-27,644	-16,878
Total 2003-05 Biennium	0.0	-5,008	57,758
Difference from 2001-03	0.0	-112,377	-151,256
% Change from 2001-03	0.0%	-104.7%	-72.4%

Comments:

1. Liability Account - Savings are projected in the state general fund based on historical patterns in tort claims, settlements, and judgments.

2. Extraordinary Crim Justice Costs - Funding is provided for assistance to King County for extraordinary criminal justice costs incurred in the adjudication of aggravated murder cases. (Public Safety and Education Account-State)

3. Legislative Liaisons - Funding is reduced for state agency legislative liaisons.

4. Travel, Equipment, Contracts - Funding is reduced resulting from an across the board reduction in travel, equipment, and personal service contract expenditures.

5. I-695 Backfill for Counties - Funding is provided for distribution to specified counties to mitigate the loss of local revenue following the passage of Initiative 695. (General Fund-Federal)

6. I-695 Backfill for Cities - Funding is provided for distribution to cities to mitigate the loss of local revenue following the passage of Initiative 695. (General Fund-Federal)

7. Higher Education Enrollments - Funds are provided to support 400 full-time equivalent resident transfer students entering public baccalaureate institutions with junior-class standing beginning with the 2003-04 academic year.

2003-05 Omnibus Operating Budget
Sundry Claims
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	274	279
2003-05 Carryforward Level	0.0	0	0
2003-05 Maintenance Level	0.0	0	0
Policy Changes:			
1. Deer and Elk Damage Claims	0.0	0	365
2. Self-Defense Claims	0.0	18	18
Total Policy Changes	0.0	18	383
Total 2003-05 Biennium	0.0	18	383
Difference from 2001-03	0.0	-256	104
% Change from 2001-03	0.0%	-93.4%	37.3%

Comments:

1. Deer and Elk Damage Claims - On the recommendation of the State Office of Risk Management, payment is made under RCW 77.12.280 for claims for damages to agricultural crops by wildlife. (State Wildlife Account-State)

2. Self-Defense Claims - On the recommendation of the State Office of Risk Management, payment is made under RCW 9A.16.110 for claims for reimbursement of legal costs and other expenses of criminal defendants acquitted on the basis of self-defense.

2003-05 Omnibus Operating Budget
State Employee Compensation Adjust
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	0	0
2003-05 Carryforward Level	0.0	0	0
2003-05 Maintenance Level	0.0	1,162	1,379
Policy Changes:			
1. Health Benefits	0.0	47,122	88,354
Total Policy Changes	0.0	47,122	88,354
Total 2003-05 Biennium	0.0	48,284	89,733
Difference from 2001-03	0.0	48,284	89,733
% Change from 2001-03	0.0%	0.0%	0.0%

Comments:

1. Health Benefits - Employer contribution rates are increased from \$482.38 in FY 2003 to \$504.89 in FY 2004 and \$592.30 in FY 2005. State employee contributions are expected to be 16.3 percent of the total rate. The average monthly contribution is expected to increase from \$72.38 in CY 2003 to \$96.43 in CY 2004 and \$110.58 in CY 2005. (General Fund-State, General Fund-Federal, General Fund-Local, other funds)

2003-05 Omnibus Operating Budget
Contributions to Retirement Systems
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	44,145	44,145
2003-05 Carryforward Level	0.0	45,258	45,258
2003-05 Maintenance Level	0.0	55,170	55,170
Total 2003-05 Biennium	0.0	55,170	55,170
Difference from 2001-03	0.0	11,025	11,025
% Change from 2001-03	0.0%	25.0%	25.0%

Comments:

2003-05 Omnibus Operating Budget
Other Legislation
(Dollars in Thousands)

	FTEs	Conference Proposal GF-S	Total
2001-03 Estimated Expenditures	0.0	0	0
2003-05 Carryforward Level	0.0	0	0
2003-05 Maintenance Level	0.0	0	0
Policy Changes:			
1. Transportation Efficiency - SB 5248	0.0	0	100
2. Transfers to School Construction	0.0	0	147,165
3. Government Accountability	2.6	1,000	1,000
Total Policy Changes	2.6	1,000	148,265
Total 2003-05 Biennium	2.6	1,000	148,265
Difference from 2001-03	2.6	1,000	148,265
% Change from 2001-03	0.0%	0.0%	0.0%

Comments:

1. Transportation Efficiency - SB 5248 - Chapter 363, Laws of 2003 (Transportation Efficiency Act of 2003), makes an appropriation from the Public Works Administration Account to the Department of Labor & Industries for purposes of prevailing wage surveys. (Public Works Administration Account - State)

2. Transfers to School Construction - A total of \$27 million from the Education Savings Account and \$66.4 million from the Education Construction Account will be deposited in the Common School Construction Account for state matching funds for K-12 school construction projects. Additionally, \$53.8 from the Education Construction Account will be deposited in the Higher Education Facility Preservation Account for higher education facilities preservation projects. (Education Construction Account - State, Education Savings Account - State, Common School Construction Account - State, Higher Education Facility Preservation Account - State)

3. Government Accountability - House Bill 1053 (Enhancing Government Accountability) or Senate Bill 5909 (Efficiency and Effectiveness of State Government) provide for increased government accountability through performance audits of state agencies and programs.